
LEADING THROUGH ACTION



Bentall
Kennedy

*Corporate
Sustainability*

2010
REPORT



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Sun Life Financial Tower, Toronto, ON.
Owner: Sun Life Assurance Company of Canada.

EXECUTIVE STATEMENTS

Reshaping Our Future

On December 1, 2010, Bentall LP merged with Kennedy Associates Real Estate Counsel LP and a new company came to life – Bentall Kennedy. This union completed a strategic partnership that began in 2006 based on mutual values of fiduciary excellence and client focus, and our deep commitment to responsible property investing and sustainability.

In this, our first Corporate Sustainability Report for the Bentall Kennedy group of companies, we are building on the previous reports from our predecessor companies, combining data where sensible and highlighting information and practices that are unique to each. We are proud to communicate our shared values with you.

While we have a great deal in common, it is never a simple task to integrate two established organizations. Still in the midst of change, we are working diligently to come together to realize value and efficiency for our clients, tenants, and employees. We are committed to further harmonizing our management systems between Canada and the U.S., to deliver superior and consistent service to our clients and tenants.

Corporate sustainability encompasses the environmental, social, and governance practices which touch all aspects of our company. We recognize that commercial real estate has distinct environmental and social impacts. With a portfolio of 135 million square feet of our clients' real estate assets across North America, we have a vital responsibility to influence these impacts – buildings use natural resources, and generate waste and emissions. But these also represent an opportu-

nity to effect positive change – the built environment can enhance communities and create a sense of place, while providing a healthy environment where people work and live.

Bentall Kennedy's commitment to Responsible Property Investing (RPI) aims to improve the built environment by incorporating key environmental and social factors within the investment and management of our clients' real estate portfolios. We believe that building a responsible property portfolio means recognizing the risks related to climate change and property as an asset class. They include rising resource costs, new regulations on energy use and emissions, changing tenant preferences, and rising insurance costs to address natural disasters that may be related to climate change, among others.

It is a challenge and a privilege to evolve as an organization, to learn, to create new tools, to come together and stay ahead of the pack. At Bentall Kennedy, change, growth, and innovation have been a part of who we are for the past 100 years, and it is a culture we share with our clients, tenants, and employees. I hope you enjoy this report, and I welcome your feedback and comments.



Gary Whitelaw
*Chief Executive Officer
Bentall Kennedy group
of companies*

A handwritten signature in black ink that reads "Gary Whitelaw".

Leadership in Sustainability

Our path to sustainability is an ongoing journey at Bentall Kennedy, and leadership in this area is a part of our strategic plan. Leadership is important to all of our stakeholders.

Our employees are integral to our success. For the fourth year in a row, we were recognized as one of Canada's 50 Best Employers. We were also named to the list of Top 30 Green Employers, an achievement that helps us in the ongoing competition for talent.

When it comes to our communities, the efforts of employees and their involvement at our properties across the country is a point of pride. Our collective effort during Hands-Up Canada raised \$85,000 for Canadian Paralympic athletes and earned Bentall Kennedy two notable awards.

In 2010, we continued to lead through action in sustainability and environmental performance. We reduced our corporate carbon footprint by 16%, and lowered the overall intensity of energy consumption in our property management portfolio by 6%. As well, we continued to demonstrate our commitment to building and operating green buildings through increased adoption of LEED and BOMA BEST certifications.

While there are limited details about the future of carbon regulations in Canada, programs like the Western Climate Initiative's cap-and-trade program will affect commercial fuel sources starting in 2015. By integrating environmental, social and governance considerations into our decision-making, we believe we are well-positioned for the growing preferences of tenants and investors for sustainability, and for potential shifts in climate change policy and considerations.

We will continue to work with clients to deliver high-performance property operations and to execute strategies aligned with their goals and objectives.



Remco Daal
*President and Chief
Operating Officer
Bentall Kennedy
(Canada) LP*

A handwritten signature in dark ink, appearing to read 'R. Daal', written in a cursive style.

Positive Approach, Positive Results

Our long-standing commitment to sustainability did not waver as we transitioned through one of the worst commercial real estate recessions within the U.S. We sought strategic, cost-effective and innovative ways to improve the performance and position of our portfolio.

This approach, and our leadership in promoting Responsible Property Investing (RPI) within our industry, expanded our market and provided additional opportunities for external recognition. During 2010, many of our existing office buildings were part of a unique volume-certification pilot project with the USGBC. We were the only investment advisor to receive the ENERGY STAR Partner of the Year Award in 2010, recognizing our ongoing commitment to sound energy management principles and, ultimately, reduction of energy use. Our actions included deployment of on-site renewable energy generation and other sustainable operations, as well as best practices and technologies in maintenance.

The impact of our RPI initiatives on our clients' real estate portfolios was also a great success in 2010. Sustainable buildings within our portfolio realize lower operating costs, and, thus, position

our properties effectively in the marketplace. Large companies that want to attract the most talented employees continue to seek out green buildings and amenities with greater sophistication and precision.

In 2010, U.S. federal climate-change regulations were not introduced, though there was greater global recognition of the risks associated with climate change, and increasing adoption of regulations at state and municipal levels. We have unique opportunities to preempt or mitigate these risks through the use of new technology, and enhanced performance tracking and reporting. Our goal is to strategically position our clients' assets for long-term value creation and market differentiation.



Mike McKee
Chief Executive Officer
Bentall Kennedy (US) LP

A handwritten signature in black ink that reads "Mike McKee". The signature is written in a cursive, slightly stylized font.



*Lighton Plaza, Overland Park, KS.
Owner: Multi-Employer Property Trust.*

ABOUT US

INTEGRATING

Our Business

Real estate investment advisory and management services.

Portfolio Under Management

Commercial real estate assets totalling

135 million sqft

in North America valued at more than

\$24 billion

North American Presence

14 offices in Canada and the United States.

Corporate headquarters: Toronto, Ontario.

Achievements

Recognized in North America and internationally for our efforts.

We're Bentall Kennedy – one of North America's largest independent real estate investment advisors.

Today we serve the interests of more than 400 clients who own office, retail, industrial, residential and hotel properties across North America. Our international clients include public and private pension funds, life insurance companies, endowments, foundations, trusts, high-net-worth families and sovereign wealth funds.

Our company evolved in 2010 by extending Bentall LP's ownership interest in U.S.-based Kennedy Associates Real Estate Counsel LP to complete a full merger of the two companies, now under the umbrella of Bentall Kennedy.

In Canada, Bentall Kennedy (Canada) LP provides a full spectrum of real estate investment and management services. They include property management, leasing, development and asset management.

In the U.S., Bentall Kennedy (US) LP delivers investment management services, and we work with proven market-leading service partners to address other aspects of real estate management and development.

Bentall Kennedy also maintains an ownership interest in Landon Butler and Company, a U.S. investor relations and marketing firm.

Bentall Kennedy is privately owned by senior management, by the British Columbia Investment Management Corporation, and by SITQ, a subsidiary of Caisse de dépôt et placement du Québec.

Bentall Kennedy has a strong foundation of values: robust governance, proactive advancement

of sustainability, an engaged, entrepreneurial and collegial culture, a focus on client service, and our highly disciplined fiduciary approach to investment strategies. Our vision is to be in the top echelon of real estate advisory and services platforms in North America.

We endeavour to excel at meeting the needs of our clients and tenants, and our five-year strategic plan maintains this focus on delivering high quality service. We uphold a culture that attracts the industry's best talent as we deliver our services, continue to expand our base of clients, and grow the size of the portfolio. Our commitment to and leadership in sustainability is an integral part of our strategic plan, which includes promoting and applying Responsible Property Investing (RPI) principles.

Our approach to RPI is comprehensive and tailored to meet the objectives of individual client portfolios. Our focus on RPI is carried out by dedicated senior staff and supported by a corporate culture of conservation and sustainability.

Bentall Kennedy is a signatory to the United Nations Principles for Responsible Investment (UN PRI) and a member of the United Nations Environment Programme Finance Initiative (UNEP-FI). By collaborating with these member organizations, including the UNEP-FI Property Working Group and the RPI Center at Harvard University, we continue to advance our integration of environmental, social and governance (ESG) considerations into all aspects of our real estate investment and management activities.

Portfolio Highlights

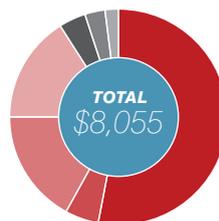
Value of Assets Under Management by Type (\$ millions)

Canadian Investment



8,855	Office
3,063	Retail
3,060	Industrial
703	Residential
532	Development

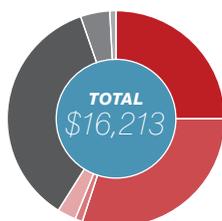
U.S. Investment



4,296	Office
417	Retail
1,345	Industrial
1,293	Residential
297	Hotel
236	Medical Office
171	Development

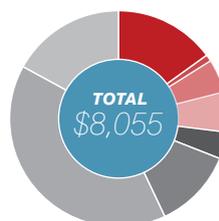
Value of Assets Under Management by Region (\$ millions)

Canadian Investment



4,079	British Columbia
4,897	Alberta
56	Saskatchewan
418	Manitoba
5,963	Ontario
771	Quebec
29	Nova Scotia

U.S. Investment



1,169	Northeast
59	Southeast
395	Southwest
505	Mountain
354	West N. Central
963	East N. Central
3,247	Pacific
1,363	Mideast

Total Assets Under Management

Value of Assets Under Management (\$ millions)

2009



2010



Area of Assets Under Management ('000,000 sqft)

2009



2010



All figures as at December 31, 2010, unless otherwise noted.

GOVERNANCE

Governance at Bentall Kennedy is led by our Board of Directors, which provides oversight to Bentall Kennedy's Chief Executive Officer and our senior management team.

The Board ensures that Bentall Kennedy executes our five-year strategic plan, maximizing returns to the limited partners, and above all, meeting our fiduciary responsibility to clients. We undertake annual formal strategic planning in order to proactively set our future direction, identify opportunities for future growth, and develop strategies for mitigating risks.

Compliance with best-practice governance policies and procedures is monitored by our Board, including the Corporate Governance Committee, as well as by senior management. Governance practices are regularly updated to ensure alignment with leading good-governance practices.

The corporate sustainability report is reviewed and approved by senior management.

Our corporate governance principles require that all Directors, management and employees act ethically at all times. To ensure ethical practices, we have a comprehensive Code of Business Conduct and a Conflict of Interest Policy. All members of the Board of Directors must comply with the Directors' Conflict of Interest Policy. As well, we have sustainability, environmental and occupational health and safety policies that meet or exceed regulatory requirements.

Throughout our investment decision-making process and the ongoing management of our portfolio, we continue to adopt and expand upon programs and strategies aligned with our commitment to UN PRI.

Director of Independence

7 Independent directors
(including Chair of the Board)

4 Non-independent directors

Gender Mix of Directors

82%
Male

18%
Female

The Board comprises directors who are best suited to our business. Directors are chosen for their broad business experience at senior levels, possessing experience in real estate investment, legal and financial services and responsible investing, and we are continuously seeking to diversify the Board.

A total of 14% of FP 500 companies have board seats filled by women.* Globally, 9% of board seats in the real estate sector are filled by women.**

* Jenner, L., Mulligan-Ferry, L., and Soares, R., 2010. 2009 Catalyst Census: Financial Post 500 Women Board Directors. www.catalyst.org

**Governance Metrics International, 2011. 2011 Women on Boards Report. www.gmiratings.com

UN PRI

The United Nations Principles of Responsible Investment (UN PRI) provide a voluntary framework for institutional investors to incorporate consideration of environment, social and governance (ESG) issues into investment decisions and practices. Developed by representatives of the world's largest institutional investors from 12 countries, the Principles reflect the view that ESG issues can affect portfolio performance and must be given due consideration in order for an investment manager to fulfill its fiduciary duties.

As a signatory to the UN PRI, we are committed to implementing the Principles, and to an annual Reporting and Assessment process. Kennedy Associates became a signatory in 2008, while Bentall joined in 2009. We are submitting our first consolidated Bentall Kennedy report for our 2010 operating year.

The Principles are as follows.

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress toward implementing the Principles.

For more information about the Principles, visit www.UNPRI.org.



Committees of the Board

Our Board of Directors includes established committees, each with specific responsibilities.

The Audit Committee oversees the company's accounting, financial reporting and authorization processes, including preparation of financial statements, supervision of the audit program, and management of the company's business, litigation, insurance and environmental risks.

The Corporate Governance Committee reviews and administers the company's corporate governance policies and evaluates the effectiveness of the Board.

The Chair of the Corporate Governance Committee oversees an annual self-assessment of each member of the Board of Directors. The Chair of the Board compiles the results and shares the overall feedback with the Board.

The Corporate Governance Committee reviews nominations for directors made by the shareholders

and makes recommendations to the Board. The committee ensures that candidates possess a skill set complementary to those of existing members, and verifies that conflicts of interest do not exist. Successful candidates must receive majority Board approval.

The Human Resource Committee oversees all human resource matters, including our compensation policies.

Directors' compensation is reviewed annually with oversight by the Human Resource Committee. Periodic benchmarking of the directors' compensation is completed against market conditions. Compensation for senior managers and executives is directly linked to company performance, including the execution of our strategic plan.

Investment Committees are established for each client to oversee the decisions, activities and performance of investments in serving the interests of our clients.

OUR RISK MANAGEMENT APPROACH

Our comprehensive risk-management approach focuses on strategic, operational, financial, social and environmental matters – each with its own risk-assessment framework. On an ongoing basis, senior management identifies risks within these frameworks, which include the processes of the committees of the board, and the risk management and sustainability approaches outlined here.

The Audit Committee reviews identified risks quarterly and provides oversight and input to senior management, including mitigation strategies. Material and noteworthy matters are reviewed semi-annually or more frequently if there are changes in the risk profile. Risk management discussions are part of every Board meeting, with a formal more comprehensive review completed annually.

Crisis management. We have a comprehensive Crisis and Business Continuity Plan for our company. Emergency procedures and an emergency call-in phone number and website are in place for our employees. Alternative workplace arrangements, electronic information storage redundancy, and communications programs all form part of our plan.

Ethics and integrity. Our values are rooted in our fiduciary responsibility to our clients – and in relationships that are built on trust and confidence. We know from our client interactions that our clients trust us to act for their benefit, and they have confidence in our real estate expertise.

We rely on truth and transparency in all our dealings, and we have established business practices to provide appropriate checks and balances throughout our operations and investment

decision-making to ensure compliance with our governance policies. For example:

- **Business conduct.** All our employees and Board members must sign and acknowledge awareness of and compliance with our Code of Business Conduct every year.
- **Harassment.** Our Harassment Policy forms part of the business conduct policy that is signed annually, and explicitly prohibits harassment and discrimination of all types against fellow employees, clients and suppliers. All employees undergo training in compliance with or exceeding regulatory requirements with regard to prevention of harassment and discrimination.
- **Whistle blowing policy.** All reports are communicated in confidence to the Chair of the Audit Committee, who is responsible for conducting a full investigation and reporting to the Board of Directors. This responsibility was called upon in 2010, when a report of alleged harassment was investigated and resolved with no further action being required.
- **Conflict of interest.** Our Code of Business Conduct includes guidance on avoiding conflict of interest, and requires that all employees fully comply with company policies, including the Conflict of Interest Policy. We have a large number of clients who actively compete in several marketplaces; therefore, it's essential for us to manage potential conflicts of interest effectively. To help avoid conflicts, separate portfolio and asset management teams and investment committees are assigned to each major client or group of clients.

OUR APPROACH TO SUSTAINABILITY

We have a deep and ongoing commitment to sustainability in all aspects of our day-to-day business operations, as well as in our corporate activities.

In 2010, this was reflected in Kennedy's sustainability policy and Bentall's sustainability strategy. We began the process of bringing these elements into a single framework, which recognizes that our business activities have environmental and social implications and requires that we mitigate these through adoption of best practices aligned with Corporate Social Responsibility (CSR) and Responsible Property Investing (RPI) principles.

Our approach to environmental performance management includes policies, programs and management tools to monitor and measure performance. Our goal is to identify areas for improvement, take corrective actions, monitor progress and continually improve.

Strategies and best practices are in place for new development activities, acquisitions and existing assets. We assess new and existing properties using environmental and social key performance indicators. Our actions look to minimize the risk of future declines in asset value by avoiding building obsolescence created by regulatory require-

ments, energy price fluctuations, changing tenant preference, and evolving investor sentiment.

At the corporate level, our commitment to sustainability and social responsibility is reflected in our commitment to be carbon-neutral corporately. We will be disclosing our greenhouse gas emissions and related calculations in 2010 as a part of the Carbon Disclosure Project, as was done in 2009 in the U.S.

We have the necessary resources to support the implementation of our strategies and best practices, and to ensure that we stay at the leading edge of sustainability. In addition to ensuring that we budget for sustainability initiatives and make sustainability a part of everyone's role, we have dedicated human resources. Several mid-level and high-level positions include sustainability initiatives as a significant part of their responsibilities. We have several cross-departmental committees, including our Corporate Responsibility and Sustainability Committee, ENERGY STAR Committee, RPI Committee, and property-focused committees that address eco-efficiency and social responsibility. Our sustainability professionals and committees are empowered to make positive change and they ultimately report to senior management.

Our goal is to identify areas for improvement, take corrective actions, monitor progress and continually improve.

AWARDS AND ACHIEVEMENTS IN 2010

Bentall Kennedy had many achievements in 2010 in both of our predecessor companies and throughout the portfolio.



*US Bank Centre, Seattle, WA
Owner: City Centre Associates.
Energy Star labelled in 2010 with a score of 85,
and pursuing LEED EB:O&M certification.*



*1075 North Service Road West, Oakville, ON
Owner: British Columbia Investment Management
Corporation. Certified BOMA BEST Level 4 in 2010.*

- Named on the 2010 list of the 50 Best Employers in Canada.
- Named one of the Top 30 Green Employers in Canada.
- Named 2010 Energy Star Partner of the Year in the U.S.
- Certified 37 additional buildings to LEED in Canada and the U.S.
- The first investment advisor in the U.S. to participate in the LEED:EB:O&M volume certification program, and certified 28 buildings in the U.S.
- Certified 92 additional buildings to BOMA BEST in Canada.
- Placed in the top quartile of our peer set for ESG performance for each of the six PRI principles, based on the Kennedy Associates UN PRI submission in 2010, which addressed 2009 operations.
- Awarded the 2010 Communitas Award for Hands-Up Canada. Awarded by the Association of Marketing and Communications Professionals, the international Communitas Awards honour exceptional philanthropy, ethical and sustainable business practices in businesses, organizations and individuals.

TOBY Award Winners. Attained four TOBY Awards (The Outstanding Building of the Year) through the Building Owners and Managers Association (BOMA) of Canada. To win a national TOBY award, each property must first compete against peers within its market through the local BOMA association. The properties that won nationally in September 2010 will compete at the BOMA International Awards in June 2011 and include:

- Under 100,000 sqft: 1235 North Service Road West, Oakville, ON.
Owner: British Columbia Investment Management Corporation.
- 100,000-249,999 sqft: Steeles Technology Campus, Toronto, ON.
Owner: SITQ.
- 500,000-1 million sqft: World Exchange Plaza, Ottawa, ON.
Owner: British Columbia Investment Management Corporation.
- Corporate Facility: Maple Leaf Foods, Mississauga, ON.
Owner: British Columbia Investment Management Corporation.



Steeles Technology Campus, Toronto, ON.
Owner: SITQ.

Maple Leaf Award Winners. Awarded International Council of Shopping Centers (ICSC) Maple Leaf Awards for excellence in several marketing categories to honour the best properties, solutions and responses to market trends.

- Achieved a gold Maple Leaf in Cause-Related Marketing for our corporate effort – Hands Up Canada. This was a campaign to support Canadian Paralympic athletes and address a shortfall in funding. (See more about this on page 50 in “Our Community: Participating.”)

Earned three silver awards:

- Advertising: The Thrill of The Hunt at Windsor Crossing, LaSalle, ON.
Owner: OPTrust Retail Inc.
- Public Relations: Cystic Fibrosis Celebrity Gift Wrap at North Hill Centre, Calgary, AB.
Owner: Westpen Properties Ltd.
- Sales Promotion and Events: Frugal is Fabulous at Cloverdale Mall, Etobicoke, ON.
Owner: British Columbia Investment Management Corporation.



Windsor Crossing, LaSalle, ON.
Owner: OPTrust Retail Inc.



*Broadway Tech Centre, Vancouver, BC.
Owner: British Columbia Investment Management Corporation.*

OUR ENVIRONMENT

INFLUENCING

Corporate Environmental Performance

*Corporate carbon footprint
across North America
dropped by 16% from 2009.*

Green Building Certifications

130 buildings

achieved BOMA BEST or LEED certification in 2010.

Portfolio Environmental Performance

*Portfolio grew
by 3%*

*GHG emissions
dropped by 4%*

CANADA

*Portfolio grew
by 5%*

*GHG emissions
stayed flat*

US

We work hard to minimize the environmental impact of all our operations, as well as our investment decisions.

We recognize that the path to sustainability is an ongoing journey, and we continually improve our environmental stewardship efforts and our environmental performance. Our strategy includes policies, processes, programs and the implementation of best practices. We invest in programs and tools to measure, monitor and verify our progress and results. We review and update our environmental strategies and

plans on an ongoing basis to make sure that we have the right tools and resources in place to achieve our environmental performance objectives.

Our continual improvement approach enables us to achieve our environmental goals, and then set new ones to take us further. We are always progressing on a path to achieve greater levels of sustainability.

CORPORATE PERFORMANCE AND FRAMEWORK

In 2010, we continued to lead through action in our corporate operations. We maintained such initiatives as waste reduction and recycling, sustainable products purchasing, and the reduction of carbon emissions through employee engagement activities. We maintained carbon neutrality for our corporate operations by both reducing our emissions and purchasing carbon offsets.

We offset our corporate carbon footprint (covering Scopes 1-3) by purchasing Green-e or EcoLogo certified renewable energy credits, to ensure that new green power is added to the grid. We also purchased carbon emission offsets through Renewable Choice, and for the second year in a row, through Carbonzero to support energy efficiency projects for social housing in Montreal.

In 2010, we continued with the tools and initiatives used to achieve corporate environmental performance in 2009. They include:

- Caught Green Handed, to raise employee awareness and environmental engagement.
- One-Minute Carbon Calculator, to allow employees to determine their own carbon footprint at work.

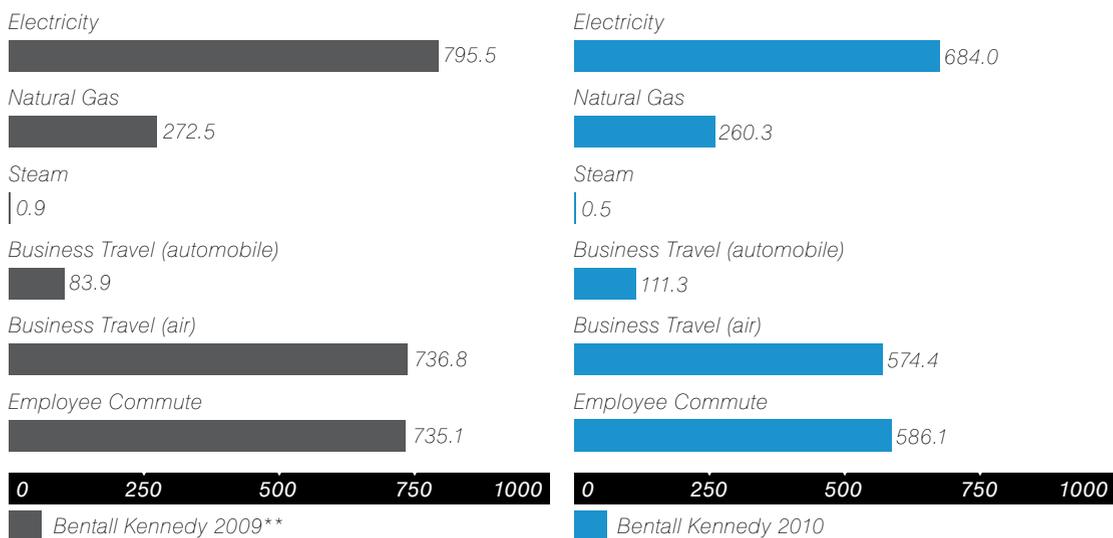
- Commuter challenges to encourage sustainable modes of transportation for employees.
- Default double-sided printing, and power-saving settings on monitors and computers.
- RideShare website to support carpooling.
- Corporate responsibility committees to develop strategies for improvement and employee engagement.

Measuring our performance. Our corporate carbon footprint has been the primary metric we use to measure our performance. Compared with 2009, the 2010 footprint dropped by 16%, and when we include the increased purchase of renewable energy credits, it is 26% lower.

A significant reduction from 2009 levels came in employee commuting. The reduction can be attributed to several factors, including employee engagement activities that reduced commuting and a decrease in the number of employees in the U.S. offices in 2010.

We believe that the 2010 values for emissions from business travel via automobile are a more accurate reflection of our carbon footprint, with the increase being representative of a change in policies in

GHG Emissions from Corporate Operations* (tCO₂e)



	Bentall Kennedy 2009**	Bentall Kennedy 2010	Change (%)
Subtotal	2,624.7	2,216.6	-15.5
Renewable Energy Credits	-519.8	-660.6	27.1
Total	2104.9	1,556.0	-26.1

* The footprint for our corporate operations includes our primary and regional offices and associated corporate employees only.
 **The 2009 CO₂ footprint has been adjusted using emission factors to correspond with those used for calculating the 2010 CO₂ footprint in the energy utilities and automobile emissions. As well, Employee Commute for 2009 has been restated to reflect a more accurate consideration of the number of days employees were away from the office.

Canada regarding how we compensate for automobile travel and more precise data collection.

We will continue to improve the quality of our data collection on both employee commuting and business travel via automobile.

Challenges. We face several challenges with finding effective ways to reduce our corporate carbon footprint and are looking to further reduce our commuting footprint. Some corporate employees require their vehicles for site visits and other business, and, thus, they drive to work. Most of our corporate offices are located in central business districts and are well serviced by transit. However, a few offices are in suburban areas, and some city regions have limited transit infrastructure. For many employees, there are both business reasons and personal reasons to commute via single-occupancy vehicles, and that mode may be best suited

to an individual's needs. Despite these challenges, we have achieved a reduction in carbon emissions from employee commuting compared with 2009.

Automobile travel has increased, and while air travel decreased, business travel overall still contributes significantly to GHG emissions. Some departments gain great value from in-person meetings, which may result in increased travel needs. We are continuing our efforts to conduct business to the fullest extent possible using video and web conferencing.

Additional metrics. We recognize that the carbon footprint alone does not provide a complete picture of environmental performance. Metrics we plan to use in the future will include ongoing paper use, sub-metered electricity use, where feasible, and waste diversion or capture rates.



CASE STUDY

GIVING A PUSH TO PEDAL POWER

In an effort to promote and encourage sustainable modes of transportation, we participate in an annual Commute Challenge during Bike to Work Month in the U.S. each May. For eight consecutive years, we've challenged employees to reduce their carbon footprint and increase their health and well-being by riding a bike to work in May.

In the greater Seattle area, our Suits on Wheels team competes in the local Group Health Commute Challenge each year against teams from organizations including the City of Seattle, Boeing, the Gates Foundation, and Microsoft. Suits on Wheels team members commit to biking to work as many days as possible. Beyond Seattle, we challenged all U.S. employees to commit to taking a "green" mode of commuting, such as public transit, biking, using a low-emission vehicle, and

carpooling five times during the month. Prizes were awarded for the top participants in different commuting categories. Our 2010 Commute Challenge resulted in more than 17,000 green commuting miles during May, up by 13% from 2009.

Since 2008, our Bike to Work Month participants have biked more than 5,000 miles to and from work, burning an estimated 150,000 calories and helping to reduce our corporate carbon footprint.



PORTFOLIO PERFORMANCE AND FRAMEWORK

By their nature, buildings affect their environments – changing the landscape, defining new skylines, becoming a destination and, thus, altering traffic patterns, and of course, using energy and water and generating waste.

Energy use and the related GHG emissions represent the most material impacts of buildings. It's estimated that the commercial real estate sector accounts for 13% of greenhouse gas emissions in Canada, and 14% of end-use energy consumption.* In the United States, the commer-

cial sector accounts for 19% of CO2 emissions from fossil fuel combustion.**

The buildings in our portfolio are also places that deliver economic and social value. They are the places where tens of thousands of North Americans work, live and shop. The development of new buildings creates jobs and benefits for construction workers and tax revenue for local jurisdictions. Our goal is to reduce the environmental impact of our buildings, as we deliver and increase their economic and social value.

* National Round Table on the Environment and Economy (NRTEE) & Sustainable Technology Development Canada, "Geared for Change: Energy Efficiency in Canada's Commercial Building Sector," 2008.

www.nrtee-trnee.com/eng/publications/commercialbuildings/commercial-buildings-report-eng.pdf

**U.S. Environmental Protection Agency, "Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2009," April 2011. <http://epa.gov/climatechange/emissions/usinventoryreport.html>

Management Framework and Tools

We have fiduciary responsibility for our client's real estate portfolios – for both the short term and the long term. We strive to improve the sustainability of their buildings in an effort to maintain and enhance asset values through reduced operating expenses, increased occupant satisfaction and improved tenant recruitment and retention.

In 2010, a sustainability policy at Kennedy Associates and a rolling three-year sustainability strategy at Bentall addressed environmental, social and governance concerns. We began integrating these into a single framework in 2010 to continue to guide all our business operations, including the acquisition of existing buildings, new development, and ongoing property operations.

In investment management, an RPI checklist for new development and acquisitions is one of the tools used to guide the decision-making process. For new acquisitions, we consider the presence of or opportunity for third-party certifications and review energy performance in addition to evaluating investments against other ESG metrics. The results are incorporated into assessments for client approval, along with

other investment considerations, including financial returns.

For new development projects, we look to achieve third-party certification to improve asset sustainability, transparency, quality control and market differentiation. We strive to construct buildings that improve occupant well-being through the use of low-emitting materials, providing natural lighting and access to amenities such as bike storage, fitness facilities, restaurants, retail and other services.

For ongoing property operations, we have programs, plans and best practices that help us meet environmental goals and ensure healthy and productive indoor environmental quality for building occupants and visitors. These practices address such issues as energy, water, waste, purchasing, and green cleaning.

In the U.S., our primary business is investment management, and we use third-party property managers and leasing services across the majority of the portfolio, while in Canada, we offer a vertically integrated platform with both investment and property management services.

We directly and indirectly (through third-party managers, where applicable) adopt and direct the following programs and tools to implement, demonstrate and monitor environmental performance.

- Third-party environmental certifications, including BOMA BEST, LEED, and ENERGY STAR. In 2010, nearly 130 buildings achieved BOMA BEST or LEED certification.
- Energy management tracking and measurement, including monthly energy, water and emissions benchmarking through the U.S. Environmental Protection Agency's (EPA) ENERGY STAR Portfolio Manager, and other tools that may be used by third-party property managers in the U.S.
- EcoTracker, our proprietary software, offers a single management and reporting system for energy utilities, water, and waste for our Canadian property portfolio. It allows for real-time and historical views of performance at the property level.
- EcoModeller, a new tool that was integrated with the EcoTracker platform in 2010, allows us to model the impact of implementing energy-saving or water-saving measures and predict the energy or water reductions, cost savings, and greenhouse gas emission reductions.

- Green cleaning practices, which are in place throughout the portfolio and specified as part of all cleaning contracts.
- Waste management programs to reduce, reuse and recycle. In 2010, we were successful in adding organic waste diversion at several properties.
- Adoption of green lease provisions that promote sustainable property operations and tenant engagement on sustainability issues.
- Sustainable tenant improvement guides and toolkits. These resources were developed to establish sustainable base standards, highlight best practices, and provide strategies and technical assistance. The standards apply to the build-out or remodelling of space to address energy, water, waste, materials, and indoor environmental quality.
- BORIS – the Bentall Kennedy Online Risk Information System – a proprietary tool for environmental management, regulatory compliance and due diligence. BORIS allows

us to actively identify potential risks across our portfolio; and proactively mitigate risks before they materialize. In 2010, BORIS was utilized across our full portfolio in Canada and in our property-managed assets in Washington State. Our third-party managers are provided with a series of guidelines and standards, and are required to immediately inform us of any environmental matters.

- ForeverGreen, a platform for communicating sustainability and environmental engagement initiatives to tenants, as well as other forms of tenant outreach, training and education and green building marketing.

These practices are used to provide consistency in our North American operations.

Annual business plans for all real estate assets highlight operations, initiatives, and activities that further energy conservation and environmentally sensitive practices. They provide an ESG framework for our asset and property management teams and an important means of promoting transparency in sustainable reporting for our clients.

Environmental Concerns in Urban Areas

There are many environmental concerns affecting urban areas, including water, wastewater and stormwater management, air quality, land use planning, and transportation, among others. The built environment plays a role in these often inter-related and complex issues, which creates an opportunity and obligation for us to make positive change at the buildings we manage.

Transportation demand. There is a fundamental need for our tenants to commute to and from work, and as urban populations continue to grow, transportation demand management is a mounting challenge.

Healthy communities should include feasible travel options beyond the single-occupancy vehicle,

including walking, cycling, carpooling, and public transit. The use of car-sharing programs and low-emission vehicles also helps to reduce the environmental impacts of transportation. While we do not typically direct land-use planning, we do affect the built environment through our development choices and can facilitate and encourage alternative means of transportation in certain instances. We provide bike racks, and in many cases we also provide shower facilities, which make it easier for occupants to choose cycling. We offer preferred parking for low-emission vehicles and carpools, and we have worked with car-sharing companies to have their vehicles available at select sites. We are part of public ride-sharing programs in several cities, including Greater Vancouver with Jack Bell Ride-Share, and in Mississauga we participate with Smart Commute.

Where properties have a joint tenant-management green committee, the groups work together to find ways to shift behaviour further toward alternative commuting options.

Urban heat island. Microclimates are created in urban areas by the surfaces of the built environment, including buildings and roads. In urban centres, where buildings and roads are clustered together, these collective microclimates contribute to an overall urban heat island. The hard and often dark-coloured surfaces of cities absorb the sun's radiation during the day, and then re-radiate it at night as they cool, thus keeping the urban

environment warmer than rural areas. In addition, this increased heat load results in larger cooling requirements and energy use in our buildings.

One of the ways that we can both reduce our summer cooling loads and help to reduce the urban heat island is by using white roofing materials, which reflect much of the sun's heat. The high reflectivity both reduces the cooling load for a building, and helps to reduce the degradation of the roof resulting from ultraviolet radiation. In addition, green roofs combat urban heat island effects, while serving to increase oxygen in the air.



CASE STUDY

A COOL WHITE ROOF IN WATERLOO

Westmount Place, Waterloo, ON Owner: Sun Life Assurance Company of Canada.

At Westmount Place, the existing roofing system was due for replacement in 2010, and the EcoWhite roof was selected for its many benefits. As a result of the high reflectivity of the roof, both the summertime cooling requirements and the urban heat island impacts are reduced. With insulation foam that is high in long-term thermal resistance, the roof has an insulating value of R19, while a standard new built-up roof is typically at R12. In addition, the roofing material has an enhanced resistance to erosion, punctures, tears, abrasion damage, microbial growth and wind uplift – all of which ensure that the energy-efficiency benefits will persist for many years

beyond a conventional roof. When life-cycle thinking was applied, the EcoWhite roof was a clear winner.



Using white roofing materials is one of the best ways we can help to reduce the urban heat island.

Building Certifications

Certifying or labelling buildings in our portfolio, under established industry programs, reassures us and our stakeholders that our practices and programs are achieving positive results and proven benchmarks. It has the additional benefit of providing recognition for our buildings.

BOMA BEST. The BOMA BEST Certification program (BEST stands for Building Environmental Standards) is

delivered through the Building Owners and Managers Association (BOMA) of Canada and its affiliates (www.bomabest.com). This program is geared specifically to existing buildings, and through it we have certified office, retail and industrial properties. The certification is valid for three years. At the end of 2010, 278 buildings in Canada held a BOMA BEST certification, up by 44 buildings and 2.4 million square feet over 2009.

BOMA BEST Certifications

Certification by Level	Number of Buildings	Square Footage	Asset Value (\$)
BOMA BEST Level 1	107	12,315,597	2,026,190,000
BOMA BEST Level 2	76	7,106,309	1,652,977,000
BOMA BEST Level 3	90	14,124,075	4,062,872,000
BOMA BEST Level 4	5	808,677	208,840,000
Total	278	34,354,658	7,950,878,000



ENERGY STAR. The ENERGY STAR program was introduced by the U.S. Environmental Protection Agency in 1992, as a voluntary, market-based partnership to reduce greenhouse gas emissions and other pollutants associated with energy use. We have 93 office buildings and 46 industrial buildings in the U.S. benchmarked each month through ENERGY STAR's Portfolio Manager. The number of buildings benchmarking is down

slightly from 161 in 2009. Many managed properties in the U.S. are also ENERGY STAR labelled, and use EcoTracker on an ongoing basis. Buildings that receive an ENERGY STAR score of 75 receive an ENERGY STAR label for exemplary performance. A score of 75 indicates 25% greater energy efficiency than the U.S. national average or a score of 50. The label must be achieved each year and verified externally.

Energy Star 2010

	Number of Buildings	Square Footage	Asset Value (\$)
Benchmarked and Labelled	68	12,910,896	2,209,274,000
Benchmarked Only	71	8,863,087	1,213,055,000
Total in Energy Star	139	21,773,983	3,422,329,000



LEED. There are several LEED rating systems, which stands for Leadership in Energy and Environmental Design. The most relevant rating systems for our portfolio address new construction (NC), core and shell (CS), and existing buildings

operations and management (EB:O&M). Buildings that are certified and those that are targeted for certification are shown below. The number of buildings involved in LEED has increased from a total of 61 in 2009, to 107 buildings in 2010.

LEED Certified or Pending by Rating System

	Number of Buildings		Square Footage		Asset Value (\$)	
	Canada	U.S.	Canada	U.S.	Canada	U.S.
LEED: NC or LEED: CS	16	14	2,527,203	3,963,687	935,384,000	1,127,021,000
LEED: EB:O&M	30	46	9,425,413	9,089,192	2,993,140,000	1,966,463,000
LEED: ND		1		338,885		136,664,000
Total	46	61	11,952,616	13,391,764	3,928,524,000	3,230,148,000



CASE STUDY

HIGH PERFORMANCE IN EXISTING BUILDINGS

Bentall Kennedy was one of 11 partners with the USGBC involved in developing the LEED EB:O&M volume certification program in the U.S.

LEED EB:O&M volume certification has enabled us to expand and standardize sustainable best practices across our U.S. office portfolio and improve operational performance cost-effectively. The LEED EB:O&M volume program encompasses procedures, policies, and processes that are implemented portfolio-wide in a scalable manner. The program also includes training and education, energy audits, technical testing/analysis and strategic retrofits.

In 2010, we were successful in the simultaneous certification of 28 buildings through the LEED EB:O&M volume program, including six Gold, 17 Silver, and five Certified.

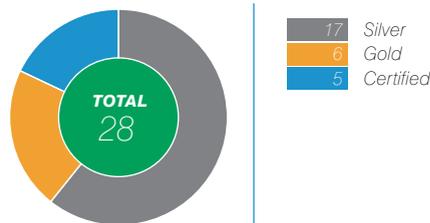
Our LEED EB: O&M certified buildings represent approximately 5.9 million sqft of Class A office space in nine U.S. markets and more than \$1.2 billion in assets under management. We are the first U.S. investment advisor and the largest single owner, on behalf of our client MEPT, to participate in the program.

In addition, we expect to receive final certification of an additional 17 office buildings during the first half of 2011, representing almost 2.3 million sqft and \$400 million in value.

Key LEED EB:O&M performance highlights from the first group of 28 certified buildings include:

- Average ENERGY STAR score of 85, or 35% greater energy efficiency than the national U.S. average.
- \$974,500 in estimated landlord and tenant energy savings*.
- A 37% reduction in water use, resulting in 13.4 million gallons saved annually and more than \$100,000 in operational cost savings.
- Purchase of 18.4 million kWh hours of Green-e Certified renewable energy credits.

LEED EB:O&M Volume Program 2010



* This is an estimated value based on total kWh of actual, normalized reduction in use from start to finish of the certification from ENERGY STAR Portfolio Manager and pricing from DOE.

Performance Data

In 2010, our Canadian portfolio had net growth of just under 3% measured by square footage, while our U.S. portfolio grew by over 5%, with new developments that came online. The performance data is adjusted to reflect the portion of the year for which these new assets used resources and

generated emissions. The data reflect the office, retail, medical, and multi-residential assets in the portfolio for which we have high-quality data. Our analysis has shown that these properties represent more than 90% of the energy consumption and GHG emissions for our managed portfolio.

Total Area Change (sqft) Over 2009	Canada	U.S.
2009 Square Footage	32,762,483	19,537,067
Net Developments / Demolitions	961,031	1,015,166
2010 Square Footage	33,723,514	20,552,233
Growth	2.9%	5.2%

GHG emissions are calculated using a client-level financial control approach, in accordance with the World Resources Institute/World Business Council for Sustainable Development GHG Protocol. All data are reported in an aggregate format to respect the privacy of our clients.

occupant density, or weather. GHG emissions are calculated based on actual consumed energy, as derived from utility billing information, and using the most recent emissions factors by province and state, as published by Natural Resources Canada and the Environmental Protection Agency.

Some adjustments have been made to the 2009 data to ensure comparability with 2010 data. Data have been adjusted for property acquisitions and dispositions, and to use consistent emission factors for the GHG emissions. However, no adjustments have been made to reflect vacancy,

While there has been a reduction in GHG emissions over the previous year despite growth in the portfolio, we note that a milder winter in 2010 played a significant role, coupled with our initiatives and efforts in energy efficiency and excellence in building management practices.

Total Annual Greenhouse Gas Emissions* (tCO₂e)

	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Natural Gas	63,464	58,022	-8.6	11,420	10,866	-4.9
Oil	887	807	-9.1			
Direct	64,352	58,828	-8.6	11,420	10,866	-4.9
Electricity*	161,582	158,105	-2.2	143,373	144,484	0.8
Steam	1,965	1,693	-13.8	34	14	-59.1
Chilled Water	167	202	20.8	379	320	-15.6
Indirect	163,714	160,001	-2.3	143,786	144,818	0.7
Total	228,066	218,829	-4.1	155,206	155,683	0.3

* Many properties also purchase renewable energy credits, which are not reflected. We are updating our systems to be able to better reflect this information in the future.

Total Annual Energy Consumption (ekWh)

	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Natural Gas	344,922,791	320,049,911	-7.2	61,128,226	58,163,901	-4.8
Oil	3,477,397	3,161,612	-9.1			
Direct	348,400,187	323,211,523	-7.2	61,128,226	58,163,901	-4.8
Electricity	635,583,957	632,288,620	-0.5	301,532,683	302,422,261	0.3
Steam	8,217,228	7,072,475	-13.9	148,611	60,740	-59.1
Chilled Water	829,115	1,001,367	20.8	275,796	232,889	-15.6
Indirect	644,630,488	640,362,462	-0.7	301,957,090	302,715,890	0.3
Total	993,030,488	963,573,985	-3.0	363,085,316	360,879,791	-0.6

Total Annual Water Consumption* (m³)

	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Total Consumption	3,044,730	3,031,213	-0.4	1,692,853	1,649,980	-2.5

* Note: All water consumption is from regionally based water authorities. Water used through rain/grey water capture systems is not included.

Energy consumption dropped by 3% in the Canadian portfolio and 0.6% in the U.S. portfolio, even as both portfolios grew in size.

Total Annual Waste by Material (kg)

	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Waste to Landfill	15,301,288	14,399,078	-5.9	10,822,916	10,728,629	-0.9
Waste to Energy	1,374,654	1,076,159	-21.7			
Recycling	8,211,826	8,065,016	-1.8	3,909,719	4,051,285	3.6
Organics Diversion	692,075	865,006	25.0	494,125	390,688	-20.9
Wood	208,483	205,453	-1.5			
Metal/Steel	106,416	66,271	-37.7	3,752	191	
Other Recycled	510,937	340,591	-33.3	7,765	7,167	
Total Waste Stream	26,405,679	25,017,573	-5.3	15,238,276	15,177,959	-0.4



Renewable energy reduces carbon emissions and pollutants, which is why Bentall Kennedy evaluates, promotes, and where feasible, deploys renewable energy within our real estate portfolio. We seek specific opportunities where government or utility incentives are available to ensure both financial and environmental goals can be met.

Hits

Several renewable energy projects and programs have been adopted using various approaches.

On-site renewables in multi-family developments. We have installed renewable energy at



*The Octagon Park, New York, NY
Owner: Multi-Employer Property Trust.*

- LEED Silver rating.
- One of the largest residential solar arrays in New York - 50-kilowatt (kW) installation (approximately enough power for seven families of four).
- 400 kW fuel cell provides enough electricity for the building load and heat to supplement hot water heating. Installation in 2010, coming online in 2011.
- With the incentives available, and an estimated \$225,000 in annual utility savings, a 4.5-year payback is expected.

two multi-family developments. These are the first and only apartment buildings to be powered by a fuel cell globally. The phosphoric acid fuel cells are virtually emission-free and produce efficient on-site power.



*360 State Street, New Haven, CT
Owner: Multi-Employer Property Trust.*

- LEED Platinum rating.
- 400 kW fuel cell provides all common-area and retail-space electricity (65 per cent of capacity), with the remaining 35 per cent being sold to the local utility, which, in turn, resells to the building's residents.
- 90% of all waste heat is used for domestic hot water and space heating.
- The payback is anticipated to be five years with incentives, and an estimated \$300,000 of annual savings and additional revenue generated from the sale of fuel cell power.

Solar roof leases in Southern California. We have successfully executed two solar roof leases with Southern California Edison (SCE), the electricity provider to the greater Los Angeles area. SCE's mandate is to install 250 megawatts

(MW) of solar power capacity on 150 commercial buildings in Southern California. Renewable energy generated by the arrays is sold into the grid by SCE.



*Centrepointe Chino II, Chino, CA
Owner: Multi-Employer Property Trust.*

- Lease executed in 2009.
- 1MW of power on 234,000 sqft of industrial roof space, operational in 2010.

*Haven Gateway, Ontario, CA
Owner: Multi-Employer Property Trust.*

- Lease executed in 2010.
- Solar array slated to be operational in 2011 will generate an estimated 1.5 MW of power.

Misses

In some cases, our experience has been that development of renewable energy generation is not feasible due to constraints beyond financial feasibility.

Feed-in-Tariffs in Ontario. The Feed-in-Tariff (FIT) program, funded by the Ontario Power Authority (OPA), provides incentives for renewable energy and requires all contracts to have a 20-year contract term. After completing a comprehensive risk analysis, we concluded that the best potential approach to pursue rooftop solar installations was to lease the roof space to a solar company that would manage the solar array and contract directly with the OPA.

We then completed an evaluation of our Ontario portfolio to determine the viability of a solar array installation per building. We began by looking at the size and age of the roof. Large roofs were preferable to maximize the incentives available. We considered roofs less than five years old and ones that needed replacement, so that the roofs were likely to outlast the life of the required 20-year contract. After evaluating close to 200 of our clients' industrial properties, less than one-third met the

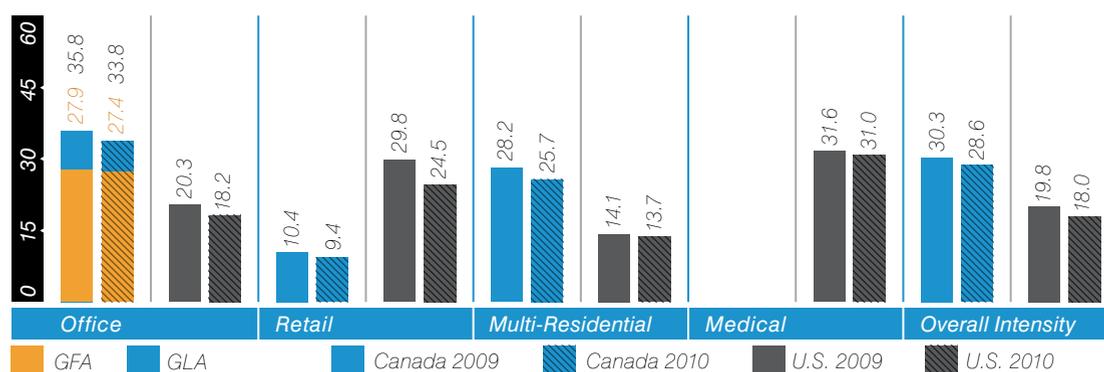
building size and age of roof criteria. The next level of screening considered the structural capacity of the building. Typically a solar array requires five to seven pounds per square foot of capacity. Of the original group of buildings reviewed, less than 15% had potential as a site for a solar array.

Presentations were made to our clients for consideration, along with a report on the risks and opportunities. The outcome: a fairly minimal revenue stream was not sufficient to overcome the risks, which included the potential for uneven wear and tear of the roof due to differences in sun and shade from the solar panels and the limited future flexibility for tenant and operational rooftop requirements over a 20-year contract term.

While on-site renewable energy remains cost-prohibitive in most markets without government incentives, we expect to see opportunities for the use and generation of renewable energy in the future, as the cost of renewable technology and infrastructure continues to fall, and the price of non-renewable energy continues to rise.

Showing the intensity of resource use allows us to compare between properties and asset types. Annual consumption or emissions are divided by the square footage of a building.

Energy Intensity by Asset Type (ekWh/sqft/yr)



	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Office (GLA)	35.8	33.8	-5.7	20.3	18.2	-10.3
Office (GFA)	27.9	27.4	-1.8			
Retail	10.4	9.4	-10.4	29.8	24.5	-17.9
Multi-Residential	28.2	25.7	-8.8	14.1	13.7	-3.2
Medical				31.6	31.0	-2.0
Overall Intensity	30.3	28.6	-5.7	19.8	18.0	-8.8

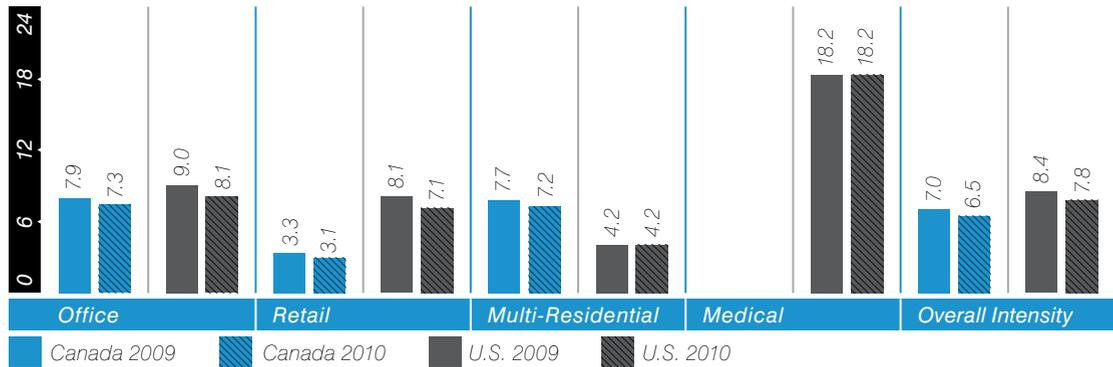
All values are unadjusted for vacancy, occupant density and weather. GLA – Gross Leasable Area is a smaller area and does not reflect the entire building. GFA – Gross Floor Area includes the whole floor area of the building. The energy intensity values shown here reflect the 84% of the Canadian office buildings for which a GFA value is available.

Why the difference between the Canadian and U.S. portfolio energy intensity values?

Available benchmarks indicate that our portfolio is in line with or better than the industry. In Canada, the Real Property Association of Canada (REALpac) completed a benchmarking survey of office properties using 2009 data. It indicates an average normalized energy intensity of 28.7 ekWh/sqft/yr, based on GFA. The REALpac data set is normalized for weather, occupancy and intensive tenant

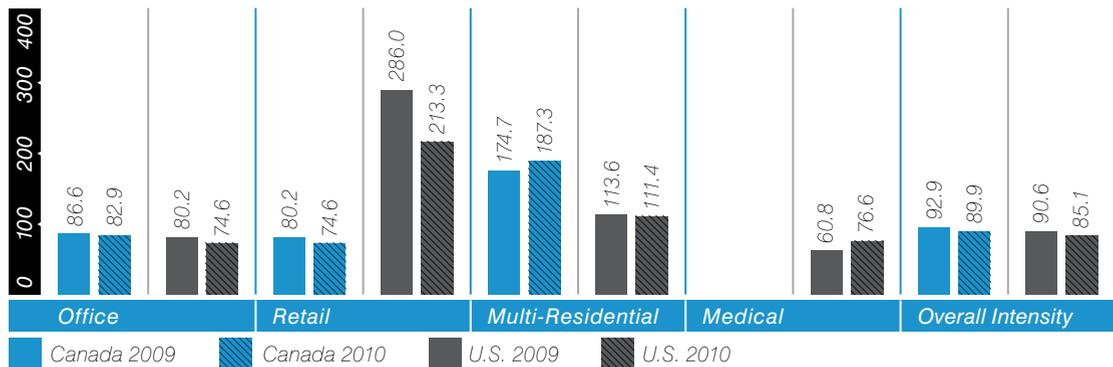
loads, while our data shown here are not normalized. The office buildings in our portfolio that were part of the REALpac data set had an average normalized energy intensity of 28.0 ekWh/sqft/yr. BOMA Canada's data set in the *BOMA BEST Energy and Environmental Report 2010* shows the average non-normalized energy intensity of BOMA BEST certified office buildings as 31.9 ekWh/sqft/yr. The average energy intensity of commercial buildings according to Natural Resources Canada is 36.7 ekWh/sqft/yr, based on the *2007 Commercial and Institutional Consumption of Energy Survey*.

GHG Intensity by Asset Type (tCO₂e/1000sqft/yr)



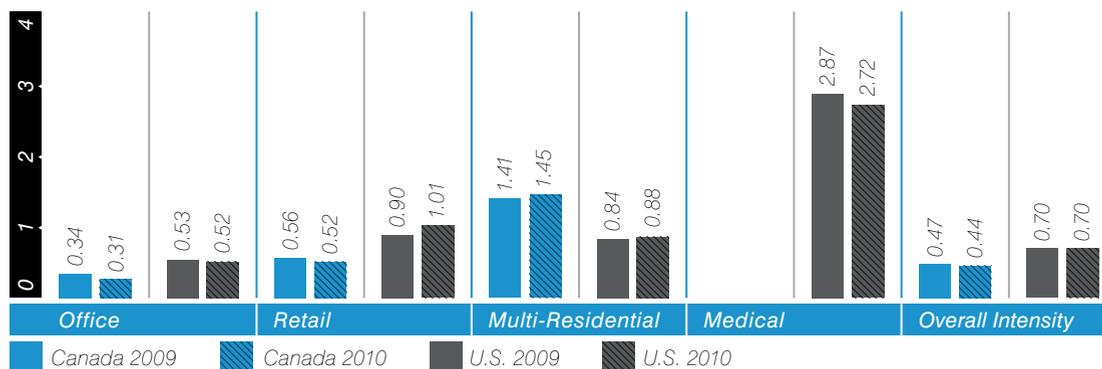
	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Office	7.9	7.3	-7.3	9.0	8.1	-10.1
Retail	3.3	3.1	-6.4	8.1	7.1	-13.1
Multi-Residential	7.7	7.2	-6.7	4.2	4.2	-1.6
Medical				18.2	18.2	0.4
Overall Intensity	7.0	6.5	-7.1	8.4	7.8	-8.0

Water Intensity by Asset Type (L/sqft/yr)



	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Office	86.6	82.9	-4.2	80.2	74.6	-6.9
Retail	80.2	74.6	-7.0	286.0	213.3	-25.4
Multi-Residential	174.7	187.3	7.2	113.6	111.4	-1.9
Medical				60.8	76.6	25.9
Overall Intensity	92.9	89.9	-3.3	90.6	85.1	-6.1

Waste Intensity by Asset Type (kg/sqft/yr)



	Canada 2009	Canada 2010	Change (%)	U.S. 2009	U.S. 2010	Change (%)
Office	0.34	0.31	-9.4	0.53	0.52	-2.3
Retail	0.56	0.52	-6.8	0.90	1.01	11.5
Multi-Residential	1.41	1.45	2.7	0.84	0.88	5.2
Medical				2.87	2.72	-5.4
Overall Intensity	0.47	0.44	-5.9	0.70	0.70	-0.9

The waste management performance for the portfolio has improved slightly in Canada and dropped slightly in the U.S. Challenges in the waste industry include the variability between regions in availability of diversion options and facilities, and that waste haulers are not always able to provide the weight of materials collected. We are working

with our suppliers to improve upon this situation, and to expand our best practices across North America. We have continued to expand our waste data tracking since we began monitoring in 2007. The integrity of data is continually improving, so we can monitor and measure our progress and the impact of our best practices.

Waste Diversion Rates (%)

	Canada 2009	Canada 2010	U.S. 2009	U.S. 2010
Office	50	51	26	26
Retail	43	44	66	58
Multi-Residential	10	12	36	36
Medical			13	17
Overall Rate	42	42	29	29

Figures in the preceding tables may not sum due to rounding.



CASE STUDY

REDUCING WASTE FROM ROOFING PROJECTS

100 Colonnade Road, Ottawa, ON Owner: British Columbia Investment Management Corporation.
8005-8045 Dixie Road, Mississauga, ON Owner: Concert Properties.
250 Chrysler Drive, Brampton, ON Owner: Westpen Properties Ltd.

Replacing and fixing roofs is common practice as they approach the end of their useful life. Recognizing that roof replacement can generate a lot of waste material, we began to look for ways to reduce the waste sent to landfill many years ago. Since 2006, we have been specifying a unique method, wherever feasible, reducing waste and costs while still maintaining a quality re-roofing program.

Working with our roofing contractors, we identified that a roof membrane could be peeled away from the insulation, preserving the insulation for continued use.

In 2010, we were able to preserve insulation in more than 60% of the roofing projects in Ontario. These include projects at 8005-8045 Dixie Road and 250 Chrysler Drive, and along with two other projects, this added up to 161,000 sqft, with a savings of \$167,000, and preventing some 515 m³ of waste weighing more than 73 tonnes from going to landfill.

From 2006 through 2009, we replaced 435,000 sqft of roof utilizing this application. Cost savings of \$445,000 were realized, and 1,400 m³ of material weighing more than 197,000 tonnes was

diverted from landfill. That's the equivalent of six tractor trailers full of waste!

Several factors are considered to determine if peeling the membrane is the right approach when re-roofing, such as the absence of a vapour barrier, the existing type of insulation and the insulating value.

At 100 Colonnade Road in Ottawa it was initially deemed that the extruded polystyrene insulation would not allow for the membrane of this 55,000 sqft roof to be peeled. Through intensive co-operation between Bentall Kennedy and the contractor, a unique and innovative method of separating the interplies of the built-up roof system from the base layer felts was devised.

The results were that the insulation was salvaged, a watertight assembly was maintained during re-roofing, 35,400 kg of material were prevented from going to landfill, and there was a cost savings of \$200,000. Because 100 Colonnade is a single-storey office building, the added benefit of a less intensive roof replacement was that it minimized disturbance to the tenants, so the work could be completed during standard working hours, thus saving on labour costs.





CASE STUDY

SUCCEEDING IN RETAIL WASTE DIVERSION

Pacific Place, Seattle, WA Owner: Multi-Employer Property Trust.

Capilano Mall, North Vancouver, BC Owner: British Columbia Investment Management Corporation.

Diverting waste materials from landfill can be complicated and challenging because of the education and behavioural changes needed. This is particularly true at shopping centres, where property staff, many retail tenants and, of course, a host of shoppers must work together for a program to succeed.

Pacific Place, Seattle. This 320,000 sqft upscale shopping centre is located in Seattle's central business district. A unique partnership was created with two regional recycling companies in a comprehensive waste management program called Erasing Waste at Pacific Place. The program has three components: shopper awareness, tenant and employee training, and installation of recycling containers.



2008, almost 2,300 tons of waste has been diverted from local landfills, further reducing Pacific Place's carbon footprint.

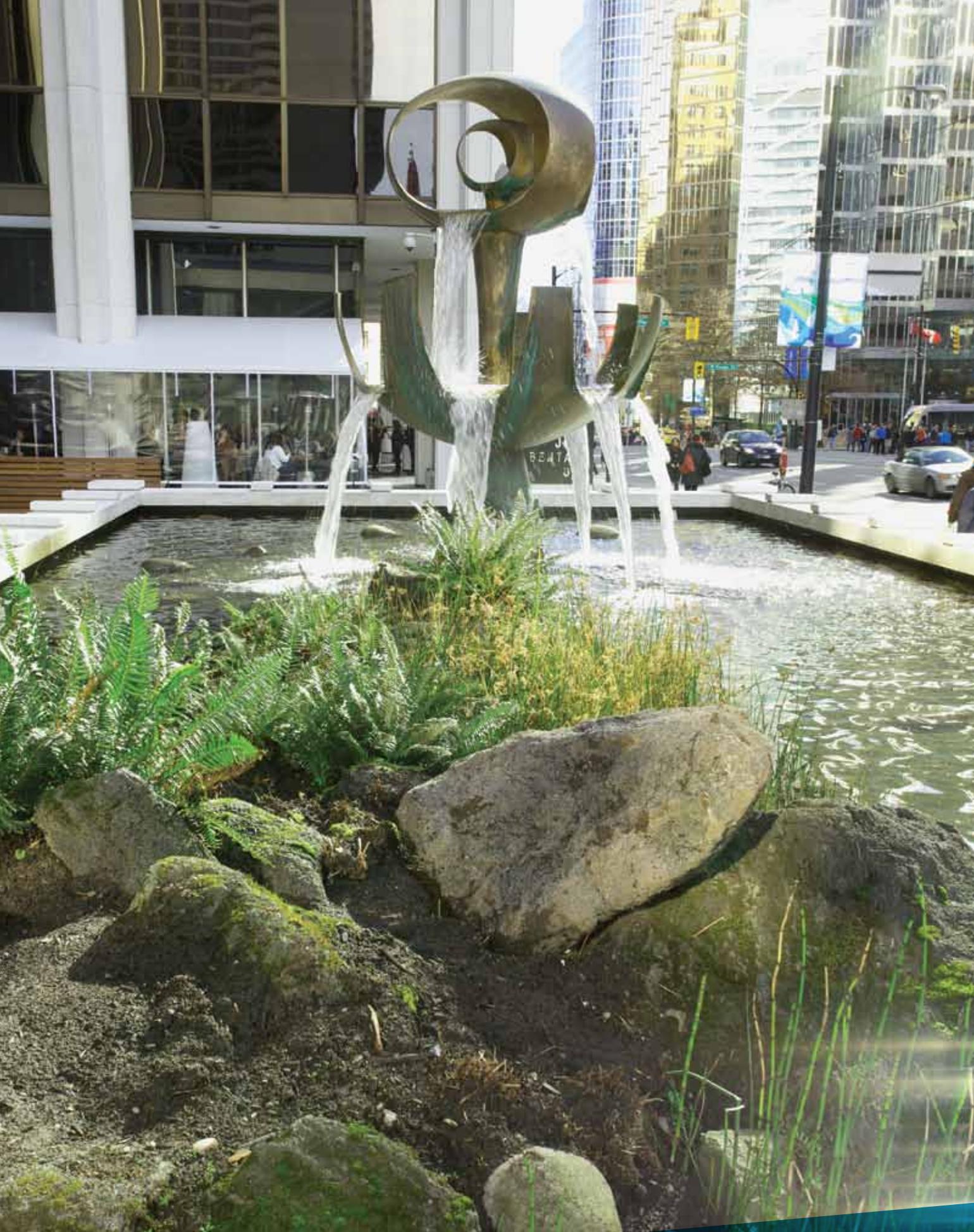
Capilano Mall, North Vancouver. This retail mall includes approximately 423,000 sqft of space. After reviewing the mall's waste stream, our management team chose a targeted approach to waste diversion and developed a program to divert organic waste from food court tenants' waste stream. All of the food court tenants were keen to participate.

Since the organics program was implemented in August 2010, the waste diversion rate has been steadily increasing, and averaged 56% since implementation, up from 47% earlier in the year.



To make recycling easier for shoppers and tenants, recyclable material is collected in public areas and stores, and organic material is collected at restaurants and coffee service areas within the mall. In 2010, the program achieved an average waste diversion rate of 58%, diverting more than 340 tons of recycling and 288 tons of food waste from landfill. Since the program's inception in

The environmental benefits far outweigh the marginally higher costs of organics diversion and the management and tenants are very pleased with the results of the program. In fact, the efforts at Capilano Mall have inspired one of the tenants, a grocery store, to implement a similar program across its chain of more than 30 stores in British Columbia. We also anticipate building on these successes in the future.



Bentall Centre, Vancouver, BC.
Owner: SITQ and Great West Life Assurance Company.



Willowbrook Shopping Centre, Langley, BC.
Owner: British Columbia Investment Management Corporation.

OUR STAKEHOLDERS

COLLABORATING

Engaging Clients

Issued white papers and bulletins for our clients

about environmental regulations that may affect their assets.

Satisfied Tenants

Achieved a

96% overall satisfaction rating

in the property managed portfolio.

Sharing With the Industry

Contributed to 4 industry publications

on responsible property investing, green buildings and GHG reporting.

Stakeholders are the people, companies and organizations that we affect, and who have impacts on us.

We consider where we have influence and the potential to effect change. Dealing with our stakeholders responsibly, and communicating openly with them, is an ongoing commitment.

We proactively engage our stakeholders in many ways and through various tools specific to our industry. Our goal is to share information and understand our stakeholders' requirements, so we can make more informed decisions to meet their needs and deliver on our commitments.

Through a process of engagement and two-way communication, we gain insights that lead to continuous, refined improvement in our

business as a real estate fiduciary, investment manager and asset services provider. Our communication with our stakeholders addresses all elements of our business, including the environment, social and governance considerations, which we focus on here.

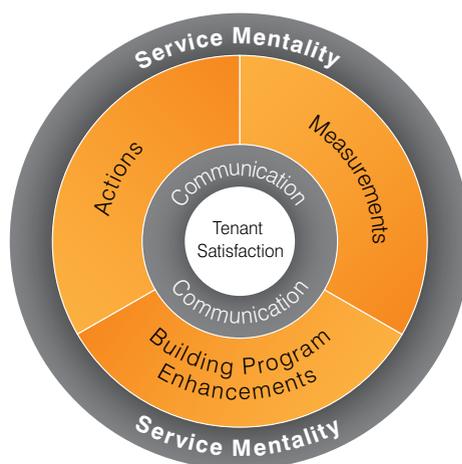
Our key stakeholders are our clients, tenants, employees, communities, suppliers and contractors, and our industry. To learn about how we engage with our employees, and how we manage talent, please see "Our People: Connecting." For more information about our engagement with and participation in our communities, please see "Our Communities: Participating."

OUR TENANTS

For tenants and building occupants, we provide a high level of customer service, and a safe, healthy and productive work environment. We value our tenants and strive to establish long-term relationships as we ensure that they can operate their businesses as effectively as possible from the buildings we manage. Whether we manage the assets directly or through third parties, we are determined to anticipate and respond to our tenants' needs better than any other landlord in North America.

Our approach is based on a service mentality, and we regularly communicate with our tenants, so they understand the sustainable attributes of the buildings and space they occupy and our goals for sustainable property operations. We work to provide our tenants with the tools and

resources they need to make sustainable operational choices each day, such as fitness centres, bicycle storage areas, recycling programs and energy-efficiency opportunities.



How We Engage

- Conduct tenant surveys on a periodic basis. In 2010, we issued a formal tenant survey in the property-managed portfolio in Canada and Washington State. In the balance of the U.S. portfolio, tenant surveys were completed in 2009, and will be completed again in 2012.
- Ensure property management teams are always available to respond to tenant concerns and hear new ideas.
- Provide ongoing communications such as regular tenant bulletins, newsletters, topical fairs and events, appreciation gatherings and other tools to communicate about sustainability, property events, and other landlord initiatives.
- Manage and respond to tenant concerns and maintenance issues in Canada using KlikFIX, an in-house tenant services platform. In our third-party managed properties, our partners provide this type of service through various means and tools.
- Develop and use customized and proprietary tools such as green lease language, a *Sustainable Tenant Improvement Manual* and robust LEED Toolkits. These resources are used to engage tenants directly in an effort to promote sustainable occupancy and build-out, thus enhancing overall asset operating performance and tenant well-being.
- Implement joint tenant-management sustainability committees to pursue opportunities to reduce a building's environmental footprint.

How We Respond

- We achieved 96% tenant satisfaction ratings in the 2010 tenant survey conducted in the property-managed portfolio in Canada and Washington State.
- In 2010, KlikFIX logged more than 125,000 calls, and 93% of those were completed on time. Each call is categorized and prioritized based on the level of urgency and tenants' response expectation. While some issues require a response within one hour, other items may require a response in 24 hours, so the specific meaning of "on-time" can vary.
- At the site level, tenant concerns and ideas have often focused on one of the most visible environmental elements – waste and recycling. New and innovative programs have been developed as a result, to ensure we collectively work toward improved diversion rates.
- In select properties, joint tenant-management committees are working together to initiate behavioural changes, to reduce the use of energy and water, and improve building waste-diversion rates.
- With growing interest in the LEED Commercial Interiors certification program in the U.S., we developed a comprehensive volume sustainable tenant improvement pilot program with technical tools, training and consultant resources for each tenant at 1900 16th St. in Denver, CO.



We engage with our stakeholders to learn from them by asking them directly for their views. In September 2010, we launched our latest tenant survey in our property management portfolio, including office, industrial and retail properties across Canada and in Washington State. We asked about our service, responsiveness, quality, building condition and performance, and also about our tenants' sustainability initiatives.

The previous survey for our properties was completed in 2008 for office and industrial properties, and in 2007 for retail properties. Highlights of the 2010 results:

96%

Overall tenant satisfaction, up from 95% during the last survey.

86%

of respondents felt that their experience was the same or better compared with a year earlier (An additional 9% had not been with the property for more than a year).

78%

The lowest-scoring category was building environment, which includes thermal comfort and air circulation.

Survey details. The survey was issued to 6,400 tenants and achieved a response rate of 45%. Tenants were given the option of receiving the survey in a hard-copy format or in an online version, and 71% opted to answer it online; that saved more than 2,000 surveys from being printed.

Action plans. Each survey period we create action plans to address any concerns, discuss any interests and report on programs and initiatives aimed to increase tenant satisfaction. The 2010 tenant surveys revealed that the action plans we implemented in 2008 were successful in achieving this goal. For example, in 2008 cleaning was a low-scoring category for several buildings. In some buildings, action plans resulted in tendering

contracts and re-evaluating the contract scope to ensure it met tenant expectations. One office building saw a 51% improvement in the results with regard to cleanliness of washrooms and kitchen areas. At another building, the overall cleaning scores increased 22% compared with the 2008 survey results, with a 40% increase in the cleanliness of washrooms. Cleaning action plans for other buildings included reviewing the frequency of services, tenant education and other initiatives, with cleaning scores improving by up to 26%.

Another example is building environment (heating, ventilation and air conditioning). This was a low scoring category in 2008, and while it improved by 4% overall across the portfolio, it will continue to be on the action plans for many buildings. While performance improvements can be made through behavioural change (i.e. closing blinds, keeping perimeter units clear), improvements often involve capital programs, which can take time to plan and longer to complete. There are a number of improvements planned or under way at many low-scoring properties, and we expect to see scores continue to improve in the future.

Follow-up. Portfolio results were reported to clients and to our asset management teams. The results are part of the considerations when evaluating future capital programs and upgrades.

Sustainability. This year we asked tenants, once again, about their level of adoption of sustainability policies and practices. Across all asset types, about half of our tenants had a sustainability policy in place, and more than 60% have implemented sustainability practices. In comparison to the prior survey period, 29% of tenants had a sustainability policy and about 40% had adopted sustainability practices. In 2011, we intend to conduct a follow-up survey with many of those tenants to gain a deeper understanding of their objectives and initiatives, and how we can respond to them.

OUR CLIENTS

Our clients seek competitive risk-adjusted returns. They look for assurances that their property portfolios are actively managed with diligence and due care for the environment and all regulatory requirements. We always put our clients' interests first, and we view ourselves as their advocates and trusted stewards. We work with our clients to understand their needs, risk profiles, return expectations, communication requirements, and to continually align

interests, advance their RPI and corporate social responsibility objectives effectively, and update strategies at both the portfolio and property levels.

We forge strong relationships with our clients through good governance, accountability and transparency – all of which are central to our fiduciary role and related responsibilities.

How We Engage

- Regular reporting, meetings and presentations to inform and update clients about portfolio performance, including environment, social and governance updates.
- Key client-specific points of contact are in place for ongoing communication and reporting.
- Conduct research to produce white papers or bulletin reports for clients on relevant real estate topics, including socio-economic and market trends, sustainability initiatives, regulatory changes and ongoing RPI-related discussions.
- Asset and portfolio performance benchmarking is completed against relevant peer, market and industry standards.
- Prepare annual business plans, which include a section on planned sustainable initiatives at the properties.
- Employ dedicated secure websites in both the U.S and Canada for clients. This includes access to a secure website and data storage, sharing and report tracking system. In the U.S., this is branded LINK, while in Canada, several integrated systems provide these services.

How We Respond

- Regular reporting for clients includes portfolio GHG emissions, utilities data and waste diversion rates, as well as updates on the status of third-party sustainable certifications and other RPI-related programs and initiatives. These reports allow us and our clients to monitor progress toward sustainability goals, to compare over time, and where data is available, to compare to industry benchmarks.
- We undertook a review of two leading environmental certification programs for existing buildings in Canada. We engaged a graduate student at Ryerson University to deliver the comparison of BOMA BEST and LEED EB: O&M. The report was developed in 2010, and released early in 2011.
- We issued white papers and information bulletins to advise of the potential impacts across the portfolio resulting from changes in environmental regulations related to exterior insulation and finishing systems, polychlorinated biphenyls (PCBs) and asbestos.
- We discussed the potential of setting environmental targets with many clients, and a white paper on the subject is under way, to be delivered in 2011.
- We provide client representation, when needed, for sustainable and responsible investing organizations like the UNEP-FI and the RPI Center.

OUR INDUSTRY

We stay involved with industry associations in both North America and globally, to share RPI and operational best practices, successes, challenges and lessons learned with our peers. We seek to demonstrate continued industry leadership by participating in the creation and establishment of relevant industry benchmarks. We work with our peers committed to RPI to advance the environmental and social performance of commercial real estate.

With the recent integration of Bentall and Kennedy, we are building brand recognition under the new North American banner of Bentall Kennedy, with an emphasis on our role as a North American RPI leader.

We continue to support our industry associations in their advocacy and outreach efforts in areas that affect our business, and we do not engage directly in lobbying.

We strive to show our industry leadership in many ways - from taking an active role in industry associations to working closely with our peers to advance the environmental and social performance of commercial real estate.



How We Engage

- Employees are members and often leaders of industry associations, including the Building Owners and Managers Association (BOMA), Urban Land Institute (ULI), Institute for Real Estate Management (IREM), Real Estate Institute of Canada (REIC), United States Green Building Council (USGBC), Canada Green Building Council (CaGBC), the Real Property Association of Canada (REALpac), the Commercial Real Estate Development Association (NAIOP), International Council of Shopping Centers (ICSC), National Council of Real Estate Investment Fiduciaries (NCREIF), Pension Real Estate Association (PREA), the National Association of Real Estate Investment Managers (NAREIM), and the Risk Management Society (RIMS).
- Encourage our staff to participate in conferences by making presentations or as panel participants to share best practices related to RPI and sustainability. This is an important way for us to share our knowledge and continue to work with our peers to move our entire industry forward in a sustainable direction.
- Signatory to the United Nations Principles of Responsible Investment (UN PRI) with detailed, annual public disclosure.
- Maintain membership in the UNEP-FI Property Working Group (PWG), where we are the only investment advisor, and the associated North American Task Force (NATF) as part of our support for the UN PRI.
- Continue to work with the Responsible Property Investing Center (RPIC) at Harvard University (co-founded by Bentall Kennedy) by providing case studies, data for ongoing research, industry insight, and sharing best practices with RPIC members. And we remain an active RPIC steering committee member.
- Actively participate on REALpac's CSR Committee, providing input on research documents and industry trends.

How We Respond

- Demonstrating leadership in sustainability is one way that we help to move the commercial real estate industry forward in corporate responsibility and sustainability. Producing our corporate responsibility and sustainability report in 2010 for our 2009 operations was a first for Bentall Kennedy and the first report in the Canadian real estate industry using GRI's G3 framework. Feedback on the 2009 report was sought in North America, as well as internationally, to obtain expert opinions on a global scale.
- Through UNEP-FI initiatives, including the UNEP-FI Property Working Group and NATF, we have actively contributed to several publications related to Responsible Investing within real estate:

Toolkit 3: Disclosing Responsible Property Investing Performance (published in 2010).

Toolkit 4: Implementing Responsible Property Investing Strategies (developed in 2010 and published in early 2011).

Employee environmental engagement survey in 2010 and the related report *If You Ask Us*.

Green Buildings and the Finance Sector, an Overview of Financial Institution Involvement in Green Buildings in North America (published in 2010).

- Contributed to the REALpac publication *Whose Carbon Is It? GHG Emissions and Commercial Real Estate*, published in 2010.
- We co-sponsored the PRI in Person, held in San Francisco in October, 2010.

OUR SUPPLIERS AND CONTRACTORS

We work with an array of service providers, including security, janitorial and third-party property managers, technical consultants and suppliers of both consumable and durable products.

We strategically engage third-party property management firms and other suppliers and contractors who are aligned on workplace safety and insurance, sustainability, and long-term objec-

tives. We also seek partners who share our commitment to RPI and have expertise in sustainable operations and maintenance.

With select suppliers, consultants and contractors, we develop and implement strategies that deliver on our sustainability commitments and work to stay informed about their sustainability initiatives.

How We Engage

- Hold regular meetings with our major suppliers to ensure we stay abreast of key objectives affecting our collective businesses.
- Require all contractors and suppliers to go through a pre-qualification process which includes questions about their environmental and social responsibility.
- Employ a responsible contracting policy that promotes the well-being of contractor employees working at our managed properties.
- Agreements for third-party property management services include language addressing Bentall Kennedy's sustainable goals, expectations and related responsibilities.
- Encourage our third-party property management providers to pursue ongoing sustainable education, training and professional accreditation, as provided by Bentall Kennedy, or through the USGBC or CaGBC, or through industry groups such as BOMA.
- Perform quarterly site visits of all third-party managed properties by asset managers, and hold regular property team meetings to provide a forum for ongoing communication and engagement, asset performance review, and the implementation of sustainable best practices.

How We Respond

- In 2010, we began asking our largest suppliers about measuring the GHG emissions of their products or services. These discussions will continue in 2011, as advancements in GHG measurements are made available.
- Ensure contractors and suppliers understand, acknowledge and abide by our responsible contracting policy. While the policy applies to all contracts with a value of \$50,000 or more, in practice it has been implemented for all relevant contracts and forms part of our company-wide standard services agreement.

Responsible Contracting Policy

Our Responsible Contracting Policy aims to improve the well-being of those engaged in constructing, renovating and servicing the assets owned by our clients. We support fair working conditions, fair wages and fair benefits for workers employed by contractors and suppliers performing work at the properties. Where our clients have diverse requirements around responsible contracting or organized labour, we execute their specific requirements in line with their responsible contracting policies and programs.



222 Main, Salt Lake City, UT.
Owner: Honeywell Master Trust.



OUR PEOPLE

CONNECTING

A Deep Pool of Talent

1,292 employees

across North America.

An Investment in Learning

Invested
\$312,000

*in employee education through external courses,
seminars and education reimbursements.*

An Important Assignment

*In 2010, employees took
on the vital task of helping
to integrate the Bentall
and Kennedy organiza-
tions, following the merger
of the two companies.*

At Bentall Kennedy, our people are our greatest asset – delivering our full range of services.

We strive to manage and develop our employees to ensure that they perform at their best and are satisfied in their career with Bentall Kennedy. Our approach includes a number of engagement strategies, our talent management framework and our commitment to health, safety and wellness.

We aim to create a culture where each employee can grow, innovate and challenge himself or herself in advancing our corporate goals and strategies.

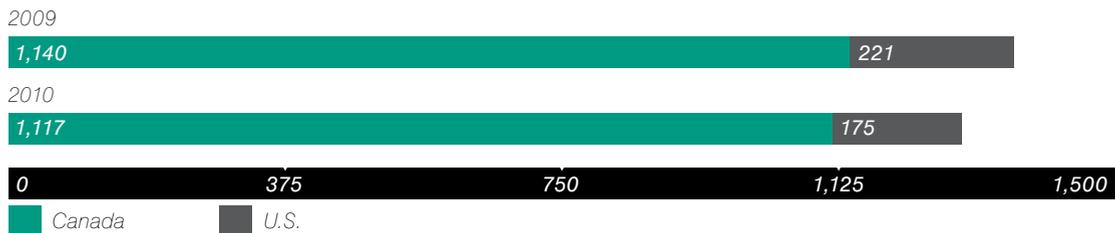
Following the merger of the Bentall and Kennedy organizations in 2010, we started the task of integrat-

ing the companies in areas of policy, process and technology within our various business units. Our goal through the merger, integration and evolution of the workforce is to maximize, replicate and adopt the best of both organizations and leverage employees' technical skills, resources and experience.

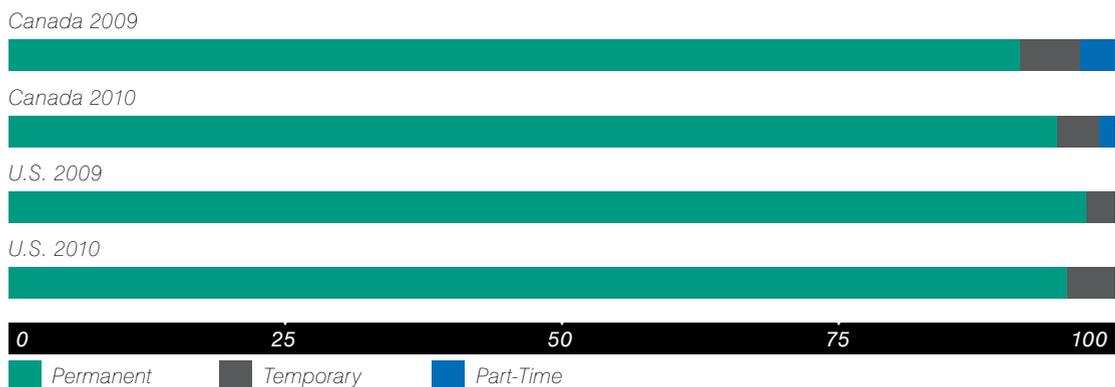
Our North American workforce includes bright minds and innovators who collaborate, take measured risks and continually strive to do better. We provide a strong framework and maintain an entrepreneurial culture that allows people to make decisions on the job, while respecting policies and governance requirements.

OUR TEAM BY THE NUMBERS

Total Number of Employees



Type of Employment Contract (%)



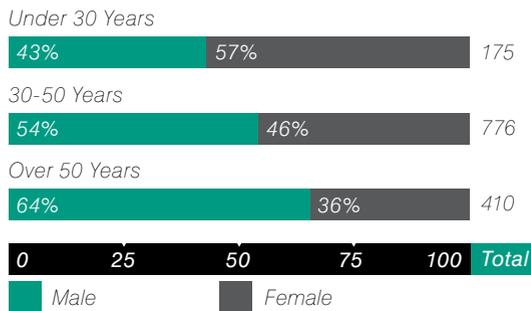
We value diversity in our workforce, and seek to create an environment that allows us to recruit and retain a diverse workforce. We recognize that diversity is expressed in many ways, and we can currently report on our level of diversity in age and gender. Our age diversity is generally in line

with our competitors* with an average workforce age of 39.2 years. This is slightly younger than the average age of 39.7 reported in 2009.

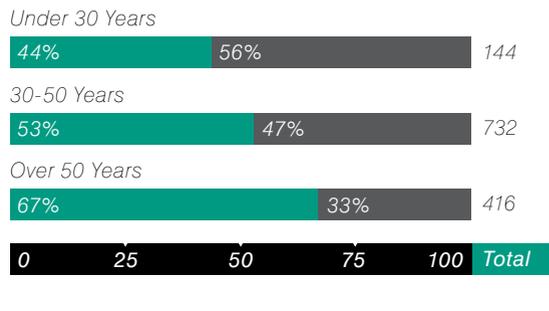
*2009 Saratoga Human Capital Effectiveness Survey, Price Waterhouse Coopers.

Employees by Age Group and Gender (% , number)

Bentall Kennedy 2009

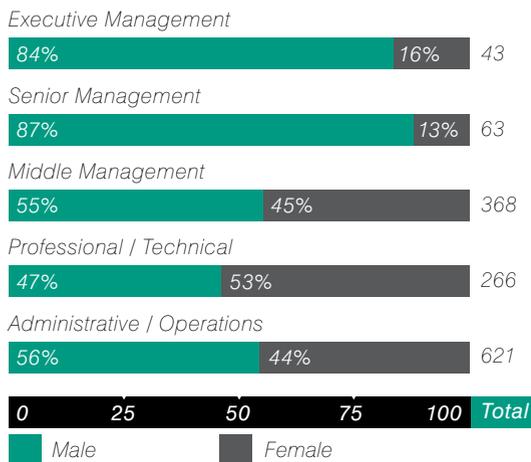


Bentall Kennedy 2010

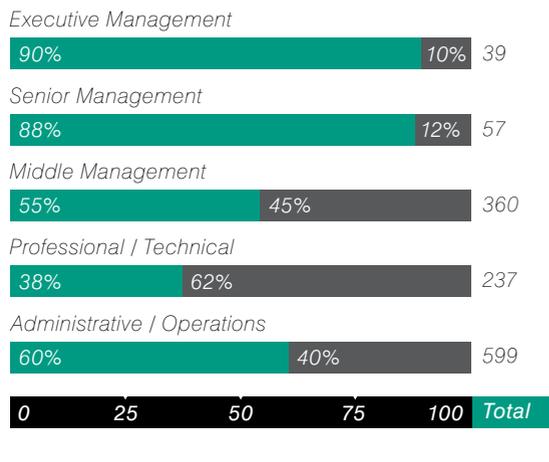


Employees by Category and Gender (% , number)

Bentall Kennedy 2009



Bentall Kennedy 2010



ENGAGING OUR EMPLOYEES

We value our employees' input, their contributions, and their health and well-being. We engage our employees to foster a shared vision for the company and ensure that we're meeting

their expectations. We use many strategies and tactics to engage with employees, so that we can understand their needs and obtain feedback for improvement.

How We Engage

- Regularly complete employee satisfaction/ climate surveys, such as the *Best Employers Survey* by Aon-Hewitt.
- Hold annual regional town hall meetings led by senior management from Finance, Human Resources, Information Technology and National Real Estate Services. Property management teams share feedback on programs and develop new ideas to improve business processes and offerings.
- Hold an Annual Leadership Forum, where the leadership team discusses business strategy and goals for the year, and obtains employee feedback.
- Hold quarterly all-employee forums within the U.S., led by senior management providing updates on company performance, initiatives, clients and real estate research.
- Hold annual meetings between members of our National Real Estate Services department and property managers in each of our regions. They meet in small groups to share information about environmental initiatives, social responsibility, and national programs.
- Maintain an internal newsletter and intranet site to communicate regularly, and provide employees with direction and resources regarding company strategy, performance, process and policy.
- Employ "Ask Senior Management," a feature on our intranet used to solicit anonymous questions from employees for senior management.
- Maintain committees, use task forces and hold targeted meetings to solicit employee feedback on various topics related to professional development.

How We Respond

- Kicked off "coffee chats" as an informal approach for management to gather feedback.
- A recognition framework is in place, and we have worked to identify common barriers and are formalizing and revamping our approach to employee recognition. Whether it's an eRecognition card, a small token or gift or just a pat on the back, employees like to be appreciated.
- Employees indicated that we needed to improve the orientation process for new property managers, and managers who transition to a new portfolio within the company. We established a committee to identify costs, risks, merits and opportunities, and then mapped out a new orientation process. A software tool was purchased as part of the solution, and a new orientation process is being implemented with completion expected during 2012.
- Feedback suggested that our budgeting and forecasting process needed a fix. Our business innovation group put together the business case, and in 2010 they gathered business requirements from a cross-section of employees and began the process of designing and implementing new property budget and forecasting software.
- Questions asked of senior management address a broad range of topics from health and wellness ideas, compensation and benefits to accounting practices and standardizing job titles between provinces. Answers from senior management are posted on our company portal for everyone to see.

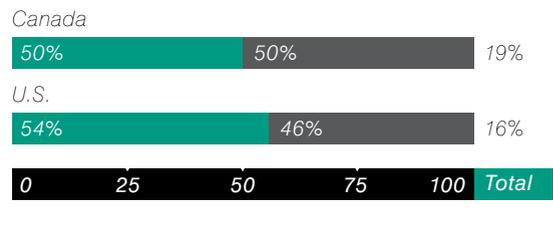
TALENT MANAGEMENT

Employee Turnover by Gender and Region (% Total Turnover %)

Bentall Kennedy 2009

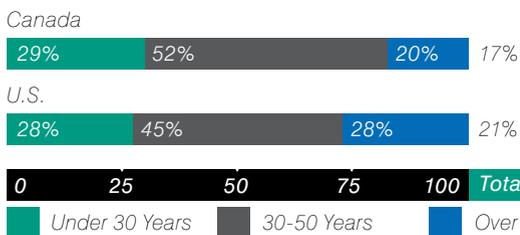


Bentall Kennedy 2010

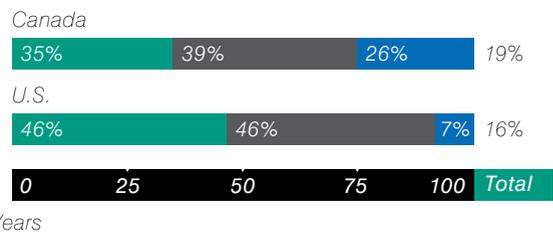


Employee Turnover by Age Group and Region (% Total Turnover %)

Bentall Kennedy 2009



Bentall Kennedy 2010



Some values may not sum due to rounding.

*We believe that our efforts to make Bentall Kennedy an employer of choice contribute to a low turnover rate relative to our industry peers.**

*2009 Saratoga Human Capital Effectiveness Survey, Price Waterhouse Coopers



Bentall Kennedy raising funds for the Heart and Stroke Foundation in Vancouver, and having fun along the way.

To achieve our strategic objective of attracting and retaining the best talent in the real estate industry, our talent management framework includes competitive compensation packages, opportunities to grow through learning and development programs and an active approach to performance management.

Our compensation packages. It is important for Bentall Kennedy to maintain competitive pay practices. Our goal is to pay above the median on a total compensation basis within the regions in which we operate. Our compensation packages consist of a base salary, plus the potential for annual performance bonuses.

We offer a range of additional benefits and incentives to all employees.

- The company matches an employee's contributions to the group retirement savings plan, up to 4% of an employee's gross salary.
- Dental and basic life insurance benefits, as well as contributions to a health spending account.
- Personal emergency leave, family medical leave, short-term disability leave, and personal days.
- A vacation entitlement program that goes beyond minimum statutory requirements.
- A program to reward employees for referring successful candidates to the company.
- A transparent job-posting policy, which advertises open positions below the VP level internally, as well as on the external website.
- An Employee Assistance Program, with confidential short-term counselling and advisory service.
- Free financial planning support and advice through the provider of our group retirement savings plan.

- An Employee Concierge Service, which provides access to group discounted tickets, shows, attractions and events.
- Two paid days' leave, to volunteer with a registered charity.

For employees nearing retirement, we provide counselling programs through an external service provider. And in cases of terminations, all severance packages take into account the employee's age, position and years of service, and consider the employee's needs for outplacement counselling and career advice.



Performance management. Our approach to performance management is designed to foster employee growth, professional development, and career development. Regular communication is an essential part of our performance-management system, which, in turn, is a key component of each employee's development plan.

During annual performance reviews, employees and their managers discuss the employee's performance, progress toward his or her own goals and contributions to the goals of the company. This gives both the manager and the employee a clear understanding of progress, key responsibilities, and performance standards and expectations. In addition, it contributes to the goal-setting process which acts to further align personal and corporate objectives.

In 2010, 91% of all our employees participated in performance reviews, up from 84% in 2009,

which reflected only Bentall LP employees. We believed that the 2009 values were understated because of a flaw in our data-collection process and have addressed that issue for our 2010 report. As a result, we have greater confidence in the values provided for 2010 covering both Canada and the U.S.

As the following table shows, we monitor the extent of our performance-review system carefully, for each category of employee.

Employees Receiving Performance Reviews

	2010
<i>Executive Management</i>	97%
<i>Senior Management</i>	89%
<i>Middle Management</i>	91%
<i>Professional/Technical</i>	93%
<i>Administrative/Operations</i>	90%
Overall	91%

Learning and Development. An important part of our talent management strategy is developing the full potential of our employees. We provide and support opportunities for both internal and external training programs.

Our employee development program encompasses an annual review of each employee’s strengths and areas for development and assists

each employee as he or she defines and communicates his or her career aspirations. The employee development program also helps employees identify external training opportunities and courses of interest, and prepares them for internal job opportunities that are aligned with their own career aspirations.

In 2010, we invested \$312,323 in educating our people through external courses and seminars, and through our education reimbursement program. The program offers full and partial reimbursement options for a variety of courses and programs related to an employee’s job and to our overall business.

Collectively, our people were involved in 20,500 total hours or an average of 16 hours per employee in training and education programs in 2010.*



* Based on an employee survey with an overall participation rate of 83% of our corporate office departments, and 62% of our gross leasable area for managed properties, adjusted to represent all employees.

HEALTH, SAFETY AND WELLNESS

Taking responsibility for our actions is the foundation of our approach to health and safety. Wellness goes a step beyond and aims to improve the physical and mental well-being of our team.

Health and safety. Health and safety is everyone's responsibility, and this is recognized by all those involved – senior management, supervisors and employees. We believe health and safety is best managed through communication, consultation, and co-operation between all parties.

Our corporate Health and Safety Policy is designed to protect employees, visitors, occupants and customers at our workplaces and at properties we manage. All contractors, subcontractors, building consultants and suppliers are required to comply with the policy.

To ensure that employees are aware of both their rights and their responsibilities related to health and safety, we have health and safety programs, associated procedures, communication plans, and awareness training programs. Education is essential; that's why we exceed regulatory requirements with our mandatory occupational health and

safety training and annual environmental training modules provided to our employees.

Our occupational health and safety framework supports a beyond-compliance approach that integrates health and safety into our risk management framework and our day-to-day decisions, accountabilities and actions.

Wellness. Encouraging employee wellness is another important priority. Our incentives and benefits for employees include wellness initiatives, such as a strong health benefits program, emergency leave, personal days, and above-average vacation entitlements. We offer free annual flu clinics as we approach flu season, and corporate offices either have fitness facilities available for employee use, or they may arrange for discounted memberships at nearby fitness centres.

In addition, the Employee Assistance Program is available at no charge to all employees. The EAP service is completely confidential and provides 24-7 counselling services and other types of support for employees to address any health and wellness concern.

Work-Related Injuries

	2009	2010
Total employee work-related claims	17	16
Injury rate*	1.65	1.4
Total working days missed as a result	146	233
Total working days missed related to employee claims from previous year	501	520
Fatalities due to work-related injuries	0	0
Citations issued for non-compliance	0	2**

* The injury rate is calculated using the estimated total number of hours worked by all employees in one year.

** Two OH&S infractions. One infraction was contractor-related, but occurred at one of our managed properties. The second was for a building Asbestos Management Plan that was out of date. While we are relieved that neither infraction resulted in any injury, no citations are acceptable to us. We expect that systems being put in place for OH&S management in 2011 will help us return the number of citations to zero.



We were named to the 2010 50 Best Employers list by Aon Hewitt for the fourth year in a row, and to the list of Canada's Top 30 Green Employers.

Organizations are selected as Best Employers based on survey responses from the employees. The survey is designed to measure the engagement of employees. Employees are engaged when they speak positively about their organization, are committed to remaining with their employer, and are motivated by their leaders and managers and by the organization's culture and values to go "above and beyond."

- 234 Canadian employers and 108,000 employees took part in the 2010 Best Employers studies.
- The average engagement score for Best Employer organizations was 79%. We received an engagement score of 75%, ranking 34th on the list.
- 93.5% of our employees participated in the survey. The most important factors that engaged employees were Corporate Social Responsibility, Physical Work Environment, Co-workers, Senior Leadership, and Employee Health and Well-being.

In order to improve, we developed programs or initiatives to address our lower-scoring drivers of

engagement, including Managing Performance, Work Processes, and Recognition and Pay.

- Performance Management Workshops were rolled out at the start of the annual performance review period in order to provide managers and employees with information and training on the process.
- Town hall sessions within Accounting helped to determine which work processes required improvement and the solutions available to solve them.
- Market and industry compensation research was conducted, and salary adjustments were made where they showed to be under market value.
- Recognition Budgets were provided to each department to give managers a greater opportunity to recognize and reward their employees at their discretion, including the use of gift cards, lunches, parties, e-cards.



We use survey results to address areas where improvements can be made, and to maintain our strengths as an employer of choice.



Jamieson Place, Calgary, AB.
Owner: British Columbia Investment Management Corporation

OUR COMMUNITY

PARTICIPATING

Participating In Our Communities

*Donated more than
4,000 hours*

*of staff time to support community events held at
our properties.*

Corporate Donations

Our corporate donations totalled

\$364,500

Community Event Space

Provided event space for

*2,737 community
events*

with a rental value estimated at more than

\$744,000

Community Event Fundraising

\$487,000

*Raised through community events held
at the properties.*

We are active and engaged members of every community in each region where we operate across North America.

We engage by communicating with our neighbours and key community stakeholders. Our employees are the connection to our communities through their efforts, their donations of time, and their compassion.

ENGAGING WITH OUR COMMUNITIES

We are a part of many major North American communities – and are committed to being a good neighbour through communications, outreach programs and education. We want to

continue improving those communities, helping to make them sustainable through management of our clients' investments, our ongoing property operations and our decision-making.

How We Engage

- Develop and deepen partnerships with community members and groups by holding outreach events, fundraising for local community organizations and by providing space for community events.
- Work hand-in-hand with the local municipality during a new development or major redevelopment process. During the development site plan approval process, we work together to address sustainability initiatives raised by both groups. The municipalities are able to represent the perspectives of residents and other businesses.

How We Respond

- Development issues addressed have included LEED certification, watershed protection, stormwater management, permeable paving, transit planning, and other elements that are captured in an area master plan.

CONTRIBUTING TO OUR COMMUNITIES

We contribute to our communities in many ways. Our employees volunteer time. We make monetary donations, targeting one percent of our pretax income, as well as in-kind gifts such as providing space for community events. We also leverage our reach to tenants, their employees and the public, to support fundraising efforts and other initiatives such as food drives. We focus on three key areas:

- Providing support for the most vulnerable members of our communities, by helping to provide food and shelter.
- Helping to create sustainable communities through investment in education.
- Supporting the reputable charitable organizations chosen by our employees, through our Charity Matching Program.

OUR RESULTS

In 2010, our investments in our communities helped to fund a wide range of worthy causes. Corporate donations totalled \$364,538 and included \$73,575 to the United Way in Canada and the U.S., \$10,000 each to Covenant House Vancouver and Covenant House Toronto, and \$12,500 to First Nations Child and Caring Society of Canada.

Through our Charity Matching Program, we match employees' charitable donations to a total of \$500 per employee annually. In 2010, our employees donated more than \$49,000, and Bentall Kennedy matched their donations to reach a total of approximately \$98,000 for a variety of organizations.

We made it easier for employees to participate in their communities. We launched our Charitable Activity Policy in Canada and the U.S., which allows employees up to two paid days off to volunteer with a registered charity.

We embrace the volunteer efforts of our people by supporting group and individual participation in charities throughout the year. Events across the company are promoted and celebrated through our employee intranet portal. The organizations we have supported include Habitat for Humanity, CN Tower Climb, Juvenile Diabetes Research Foundation, and Chief Seattle Council Boy Scouts.

Many of our offices also engage in local fundraising initiatives – such as asking employees to contribute \$5 for “wear jeans to work days.” In 2010, such initiatives raised over \$20,000 in our Vancouver office, and more than \$47,000 in our Toronto office for organizations, such as the United Way and the Heart and Stroke Foundation. These amounts are over and above our corporate dona-

tions. They are the donations of our employees, which we simply help to facilitate.

At our properties across Canada and the United States, we develop and nurture community relationships. Our property teams are actively involved in their communities, and they engage our tenants and building visitors.

In 2010, our property management teams delivered support to our communities in many ways.

- Provided event space for 2,737 community events, many of which we help to deliver. The rental value is estimated at more than \$744,000.
- Raised \$487,200 for a range of community groups and other charities.
- Collected 16,600 pounds of food for food banks.
- Raised \$97,000 worth of food, clothes, and household items for local communities.
- Donated more than 4,000 hours of staff time to support community events held at the properties.

***This information is based on a survey of our properties, with a 59% response rate based on gross leasable area; we have conservatively adjusted the results to reflect the entire portfolio.*

The 2010 activities are significantly improved from 2009, with a larger number of events, an increase in volunteer hours, and greater levels of fundraising. We believe this positive trend in community support is partially a result of our property teams tracking the information more accurately.

Charitable Giving in 2010

Corporate Donations	\$364,538	Cash donations, and sponsorships of charitable organizations
Charity Matching	\$48,813	To match more than \$49,000 in employee donations
Community Event Fundraising	\$487,200	From property events
In-Kind Donations	\$744,000	Estimated rent value from property events
Total	\$1,623,931	

The case studies on the following pages are an indication of what we can accomplish together – our employees, our properties and our communities. We are grateful that our clients, the property owners, afford us the opportunity to facilitate these initiatives and to give to the communities in which we operate.



CASE STUDY

HANDS UP FOR PARALYMPIC ATHLETES

Supporting the Paralympic movement was a major corporate commitment. Our Hands Up Canada campaign allowed us to leverage a network of 29 shopping centres across Canada to raise awareness about Paralympic athletes and to raise funds for the Canadian Paralympic team.

Collectively, we raised more than \$85,000 to benefit our Canadian Paralympic athletes. Including our initial sponsorship investment, our contribution to the Canadian Paralympic team totaled more than \$115,000.

Our main goals for Hands Up Canada were to educate our communities about Paralympic sports and to raise money for Canada's athletes. We accomplished these goals through several initiatives.

- We created a website, www.handsupcanada.ca, so that visitors could send a message of support to our athletes.
- The website also promoted a national contest that offered a trip for two to the Paralympic Games. Of the 65,000 online entries received, a retired physiotherapist from Calgary, AB won the Grand Prize VIP package – including airfare, accommodation, Team Canada gear, and event tickets. "My husband is recovering from two cancers this past year and he is (now) doing great," she said gratefully. "We are training for a mini-triathlon for cancer survivors and their care givers. In speaking to the Paralympians, we got a fresh look at our own abilities and the courage to stay tough."
- We engaged hundreds of students across Canada to decorate a paper hand. Shoppers at each participating mall were asked to sponsor a hand with a \$2 donation, and in return they received an uncirculated commemorative Paralympic quarter. The decorated hands were displayed at each participating mall and signalled a powerful message of Canadian pride.

- We arranged for a limited edition pin to be created and sold for \$5.
- Finally, we supported a wide variety of other initiatives – from fundraisers to special events like athlete appearances. We believe that one reason they succeeded was the efforts of our employees and the shoppers at the shopping centres we manage.

Our approach of linking 29 shopping centres across four provinces, engaging with our communities and shoppers, proved to be a powerful way to achieve our goals. We're especially proud that the 2010 Canadian Paralympic Team made history at the Vancouver 2010 Paralympic Winter Games, with 10 gold, five silver and four bronze medals. "Their performance made all Canadians proud, and would not have been possible without the support of Bentall Kennedy and its shopping centres across Canada," said Henry Storgaard, Chief Executive Officer, Canadian Paralympic Committee.



Willowbrook Shopping Centre had the highest fundraising total, and the gold medal team there was rewarded with an official Paralympic torch.



CASE STUDY

GIVING A HAND TO HABITAT FOR HUMANITY

Habitat for Humanity encourages volunteers to take a hands-on approach to helping. In 2010, a group of our employees from the Greater Toronto Area volunteered to help Habitat for Humanity build out a project of 29 GreenHouse-certified townhomes in east Toronto.

With a \$5,000 donation, Habitat for Humanity gave us the opportunity to Adopt-a-Day. The result was that 14 of our employees from investment management and property management operations were able to work with experienced construction volunteers from Habitat for Humanity.

They completed a range of construction tasks at the site, including installing window wells and base-ment plumbing, and completing interior framing.

The development on Kingston Road is the second largest in Habitat Toronto's history, with 29 town-homes. It will include a mix of two-storey and three-storey homes, with two to five bedrooms, and will total 3,240 square metres (34,875 square feet).



CASE STUDY

SHAVING HEADS TO HELP FIGHT CANCER

BP Centre and Livingston Place, Calgary, AB Owner: British Columbia Investment Management Corporation.

Beat Cancer to the Core is a well-known fundraising event in Calgary, but in 2010, it hit a snag – until our employees stepped forward.

The event had taken place in BP Centre for the previous 10 years, and had been sponsored by a tenant in the building. But early in 2010, the tenant informed our property management team that they would no longer be able to sponsor the event. That was when our property team offered to host the event and allow all tenants to participate in both BP Centre and Livingston Place.

In connection with the Canadian Cancer Society, BP Centre and Livingston Place hosted the Beat Cancer to the Core head-shave event in the Livingston Place Plaza. Tenants of both buildings were encouraged to participate in the head-shave and to raise funds for the cause.

In all, there were 14 participants from seven different companies, including two from Bentall Kennedy. With live entertainment, a silent auction

onsite, and the funds raised by those having their heads shaved, the total donations for this event exceeded \$50,000.

It was the single largest amount raised in Alberta and the Northwest Territories for the Canadian Cancer Society. One of our own employees individually raised nearly \$1,000 for this event.





CASE STUDY

OFFERING STUDENTS AN ON-THE-JOB OPPORTUNITY

5775 Yonge Street, Toronto, ON Owner: Sun Life Assurance Company of Canada.

On-the-job experience can be a precious asset for students in any field. In Toronto, one of our buildings gives exactly that opportunity to students who are planning a career in building operations.

Our building operations manager at 5775 Yonge Street in Toronto teaches in the Building Environmental Systems (BES) program at Seneca College. Our team members at 5775 Yonge sponsor students from the college for three months at a time, so they can apply their knowledge and become familiar with building operations.

The student is treated as an employee – complete with experiencing a hiring process, signing off on our Codes of Conduct and Environmental

Policy, and receiving appropriate training. The student gains valuable experience by job-shadowing a building operator, and our team wins by having the extra help around the building.

The property management team started this program in 2008, and in 2010 worked with three student volunteers at the building. We're proud that all previous volunteers have since found employment in the industry.

Our building operations manager, who has been teaching BES courses at the college for eight years, has since encouraged other colleagues at Bentall Kennedy to also begin teaching.



CASE STUDY

USING FASHION TO HELP KIDS IN NEED

Tamarack Centre, Cranbrook, BC Owner: Artis Tamarack Ltd.

Each year the staff of Tamarack Centre in British Columbia and a small group of dedicated volunteers get together to organize a unique event that helps young people in need.

The annual All Male Fashion Show Fundraiser raised a total of \$10,302 for Cops for Kids in just one evening in September 2010.

The Cops for Kids Foundation supports children who are in a medical, physical or other traumatic crisis in the southern interior region of British Columbia. The foundation holds an annual bike-ride fundraiser through the province's interior, and Tamarack Centre hosts the All Male Fashion Show when the riders go through Cranbrook.

The Italian-themed event was the chance for local and provincial RCMP officers, along with members of the Kimberley Dynamiters Hockey Team, to strut their stuff on the catwalk for charity.

Local entertainers and sound and lighting professionals donated their skills to create the fashion show atmosphere, and members of the Colombo Italian Lodge donated Italian desserts and treats.

Businesses and individuals from Cranbrook and the surrounding area came together to provide items for auction, which contributed to a quarter of the total funds raised. Approximately 300 people attended the event, raising the largest sum since the fashion show began eight years ago.





CASE STUDY

ART AND ECOLOGY MEET AT THE MALL

Milton Mall, Milton, ON Owner: Westpen Properties Ltd.

Art and ecology came together at Milton Mall, west of Toronto, in anticipation of Earth Day 2010. Working with community partners, the mall organized several initiatives to raise awareness about ecology and local watersheds, and to raise money for eco-programs in local schools.

To engage local students, the mall invited them to submit an environmentally themed design in a contest called "Tell us how you want your world to look." More than 480 students took part, and the winning design appeared on a cloth tote bag. A community partner donated \$1,000 to the winning student's school to support environmental initiatives, and the tote bag was sold to raise environmental awareness, with proceeds going

to a local charity, Halton Learning Foundation, which assists local students in need and supports school programs. In all, the mall's efforts secured \$6,919 in sponsorships and donations.



CASE STUDY

BRINGING THE FARM TO THE CITY AT CORPORATE POINTE

Corporate Pointe at West Hills, Los Angeles, CA Owner: Multi-Employer Property Trust.

Corporate Pointe is a Class A office complex comprising nine buildings totaling 877,000 sqft on approximately 57 acres in suburban Los Angeles. The campus includes several ENERGY STAR labelled buildings and two recently certified LEED EB: O&M buildings, and plays an active role in the community through sponsorship, hosting community events and donating meeting facilities.

In support of the local community and nearby farmers, Corporate Pointe hosts a weekly farmers' market every Wednesday. By hosting a certified farmers' market affiliated with Coastal Pacific Farmers' Markets, we are able to offer tenants

and neighbours access to fresh produce from Southern California. The market gives community members and tenants the opportunity to interact directly with farmers, local artisans and craftspeople, and learn about healthy living and local food.

By selling fresh-picked fruits, vegetables and quality crops, the farmers market aims to mark the sustainability and promotion of local, organic food. Each week from April to December, Corporate Pointe hosts five or six farmers or artisans. We've been hosting the market since 2009, with growing success every season.

OUR FUTURE

PLANNING

We are excited about the future, the opportunities we will pursue, and the challenges we will face. Our plans include objectives in all areas of environmental, social and governance capacities, as we continue to strive for leadership in corporate sustainability in our industry. Many of our near-term objectives are outlined here.

Environmental framework. We will enhance our capacity to develop and implement initiatives to improve and measure environmental performance throughout our clients' portfolios and in our corporate operations through strategic and operational approaches.

Stakeholders and communities. We will continue to utilize our engagement strategies and tactics with our key stakeholders to spur further collaboration on environment, social, and governance initiatives where appropriate and ensure we maintain positive relationships.

Employees. We continually gather feedback from our employees, benchmark ourselves against our peers and research best practices. Equipped with that information, we intend to pursue several opportunities in both what we offer to employees and how we monitor our progress.

Sustainability reporting. We solicited input from four opinion leaders on our 2009 corporate sustainability report and received detailed feedback. We were not able to immediately implement all of the recommendations, and we aspire to address more of them in the future. For example, we will work to quantify the cost and value proposition of sustainable buildings and environmental performance, and expand on measurable targets and objectives for key performance data, reporting on our progress on an annual basis.

Our ability to implement some of the recommendations may be affected by the limited availability of both company and industry information, the absence of global guidance or standards for quantifying financial impact of the use of natural resources, limitations on our disclosure of information as a private company and constraints in publishing client property and portfolio-specific information.

We expect to report using the new *GRI Construction and Real Estate Sector Supplement Guidelines* within the next two years, and to provide an external third-party assurance statement in the future as our reporting process matures over the next three to five years.

2011

Principles of Responsible Investment

- Report on our progress with UN PRI as Bentall Kennedy group.

Environmental Framework

- Finalize a single framework for our approach to sustainability and responsible property investing, including a North American sustainability policy and an updated three-year strategy document for the Bentall Kennedy group of companies, and communicate to all employees.
- Participate in the Carbon Disclosure Project.
- Develop a data management system for our social and sustainability metrics and expand reporting efforts for properties that are third-party managed in the U.S. These metrics are already part of the business planning process, completed annually. A new system will enhance the depth and quality of the data on social and sustainability attributes throughout the portfolio.
- Develop a comprehensive waste management strategy that considers regional variations to increase diversion rates and reduce waste across all property types.
- Develop a framework for collecting energy and water consumption for multi-tenant industrial and open-concept retail sites for client specific portfolios.
- Develop a sustainability program for our multi-family portfolio, with emphasis on increasing the sustainability of newly acquired multi-family assets.

Stakeholders and Community

- Deliver a white paper to our clients on the topic of setting environmental targets, and engage them in discussions on the topic as it applies to their portfolios.
- Develop tools to assist with setting targets.
- Issue a follow-up tenant survey to tenants to gather more information about their sustainability initiatives and objectives.
- Partner with renewable energy providers to offer bulk-price purchasing to our tenants and clients.
- Participate in industry benchmarking initiatives relevant to our business and key performance indicators affecting our industry.

Employees

- Develop and introduce an updated Leadership Development program to follow on the Building Leaders series delivered in 2008 and 2009.
- Enhance the OHS training program with new content in an engaging and informative multi-media format.
- Track and report on OHS data via BORIS, including items such as accidents, near-misses and workplace hazard assessments.
- Deliver sustainability training to all property managers.

2011/12

Environmental Framework

- Implement Eco Tracker across our U.S. portfolio for quality assurance and consistency in reporting energy, water, and waste data across our North American portfolio.
- Pursue LEED certification for new development and existing buildings, where prudent and as approved by clients.

Employees

- Develop and implement an updated compensation program that rewards all employees with an incentive plan.
- Redesign and integrate our performance management and development processes.
- Increase the frequency and quality of employee recognition. Build on a culture of performance and celebration.

2012

Environmental Framework

- Track and maintain sustainability scores for suppliers and contractors for goods and services that represent the largest expenditures or the greatest potential environmental impact.
- Achieve and maintain BOMA BEST certification for all eligible assets in Canada, where prudent and as approved by clients.
- Benchmark eligible assets using ENERGY STAR, and achieve and maintain the ENERGY STAR label, where possible, seeking meaningful year-over-year reductions in energy use through ENERGY STAR Target Finder tool.
- Develop and implement a scorecard to measure and compare performance across corporate offices. Performance indicators will include energy use, employee commuting, waste diversion rates, and community participation.

Stakeholders and Community

- Generate our first annual energy and water consumption report for multi-tenant industrial and open-concept retail sites for client-specific portfolios.

- Develop quarterly web-based sustainable training for property managers and leasing agents.
- Develop a green lease appendix.
- Document the success and challenges of joint tenant-landlord committees and their accomplishments to share this best practice across the company, with a view to measuring the environmental benefits.
- Track participation in public speaking engagements on sustainability and employees' involvement in industry associations.

Employees

- Examine opportunities and methods to expand reporting on our diversity indicators to include ethnic diversity and disability.
- Identify and participate in employee surveys and rankings that can address our entire North American workforce.
- Implement new orientation process for property managers to help them transition into the company or into a new portfolio.

2013

Environmental Framework

- Identify the risks of physical climate change impacts, such as increased frequency and severity of storms, and consider appropriate strategies necessary for mitigating physical impacts of climate change on our clients' portfolios.

SCOPE OF THIS REPORT

This is Bentall Kennedy's second annual Corporate Sustainability (CS) report. The scope of this year's report has changed from our 2009 report, given the completion of the merger of Bentall LP with Kennedy Associates in December 2010. This report reflects the integrated organization, Bentall Kennedy. Activities in the U.S. exclude those of Landon Butler and Company, the investor relations and marketing firm in which we maintain an ownership interest.

This report provides information on our performance, activities and management approach in Canada and the U.S. for the calendar year ending December 31, 2010, unless otherwise stated.

The Global Reporting Initiative (GRI) G3 Framework and indicator protocols and the REALpac publication, *A Guide to Corporate Responsibility and Sustainability Reporting in the Canadian Real Property Sector*, were used in creating this report. Our advisor, KPMG LLP, has provided guidance throughout the preparation of this report but has provided no assurance thereon.

Materiality and contents of this report. A complete materiality analysis was performed in 2010 to determine the content and structure of the 2009 and 2010 reports. This analysis focused on identifying material issues included in the publicly available information of our global peer group, sector organizations and industry associations, opinion leaders and academics, and the media.

We solicited feedback on our 2009 report from several global opinion leaders and academics

with expertise in corporate sustainability and reporting, sustainability issues affecting land and property, and responsible investing. We did not seek permission to disclose the names of the individuals or the leading organizations and universities they work with and may seek to share this information in future years, as we continue to improve our sustainability reporting.

A great deal of positive and constructive input was provided, giving us a better idea of what we are doing well, and where we need to advance our reporting efforts. As a result of this feedback, we targeted a more concise report that relies less on text and more on data and graphics, and to improve the balance of the report by providing information that reflects both achievements and areas for improvement. We incorporated additional industry benchmarks for comparability purposes and expanded the final section of the report, "Our Future: Planning," to address in greater detail how we plan to progress. Lastly, we strengthened our discussion of risk management of sustainability issues and how they affect our business.

We self-declare this report at a GRI application level B. We did not seek external assurance of our 2010 CS report.

If you have any questions about this report or would like to learn more about our efforts in sustainability, please contact Nada Sutic, Director, Sustainability (nsutic@bentallkennedy.com).

Our 2010 report is also available on our website at www.bentallkennedy.com.

GLOSSARY

bclMC	British Columbia Investment Management Corporation
BOMA	Building Owners and Managers Association
BOMA BESt	BOMA Building Environmental Standards
BORiS	Bentall Kennedy Online Risk Information System
CaGBC	Canada Green Building Council
CO ₂	carbon dioxide
CO ₂ e	carbon dioxide equivalent
tCO ₂ e	tonnes carbon dioxide equivalent
CS	corporate sustainability
CSR	corporate social responsibility
ekWh	equivalent kilowatt-hours
ESG	environment, social, governance
GHG	greenhouse gas
GRI	Global Reporting Initiative
ICSC	International Council of Shopping Centers
LEED	Leadership in Energy and Environmental Design
LEED CS	LEED Core and Shell
LEED EB:O&M	LEED Existing Buildings Operations and Maintenance
LEED NC	LEED New Construction
LEED ND	LEED Neighbourhood Development
MEPT	Multi-Employer Property Trust
OHS	Occupational Health and Safety
REALpac	Real Property Association of Canada
RPI	Responsible Property Investing
RPIC	Responsible Property Investing Center
sqft	square feet
SITQ	Société Immobilière Trans-Québec, part of Caisse de dépôt et placement du Québec
UNEP-FI	United Nations Environment Programme, Finance Initiative
UNEP-FI NATF	UNEP FI North American Task Force
UNPRI	United Nations Principles of Responsible Investment
US EPA	United States Environmental Protection Agency
USGBC	United States Green Building Council

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G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission	

We self-declare this report at a GRI application level B.
We did not seek external assurance of our 2010 CS report.

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LA13	<i>Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity</i>	SOC1	10, 48, 49

Social – Human Rights

GRI		REALPac	Page
HR2	<i>Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken</i>	SOC5	Partial, 44
HR4	<i>Total number of incidents of discrimination and actions taken</i>	SOC5	12

Social – Society

GRI		REALPac	Page
SO1	<i>Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting</i>	SOC4	Partial, 58
SO5	<i>Public policy positions and participation in public policy development and lobbying</i>	SOC6	42
SO8	<i>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations</i>	SOC6	See notes, 71

Social – Product Responsibility

GRI		REALPac	Page
PR5	<i>Practices related to customer satisfaction, including results of surveys measuring customer satisfaction</i>		40

3.9 Measurement details are provided with the specific indicator data.

3.10 In the environment section, some 2009 data were updated to reflect more recent emissions factors. Re-calculations are noted in the report.

EC1 As Bentall Kennedy is a private company, some financial information pertaining to revenues, earnings, operating costs and payments to capital providers is confidential.

EN 28 There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations in 2010.

SO8 There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations in 2010.





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